



WHITEPAPER:

# 5 ways to improve your processes

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# 5 WAYS TO IMPROVE YOUR PROCESSES

Every business has 'processes' in place to handle even the simplest of chores like answering the phone, all the way up to more complex tasks like complaint resolution. Often these processes have been developed and tweaked as the business grows, but seldom change.

Take something as simple as answering the phone in a business. When a business starts out, a decision is usually made to always answer the phone within five rings, and to greet the customer with "Thank you for calling ABC PTY LTD, how can I help you". Once a business hires staff it becomes clear they need to change the greeting to include their staff member's name. These are the simple changes to processes that happen all the time.

Perhaps the biggest problem is that processes that were defined at the start have seen very little change as the business has grown. The most common hurdle that goes unchanged is doubling up on entering the same data. It goes a little something like this: a salesperson creates an order in Excel, emails it to an administration person for them to re-type all the same order information into an accounting software package to generate an invoice. The more orders you produce, the more re-typing that's done. It gets to a point where it's no longer viable for the business to grow as hiring a new salesperson results in hiring a new administration person, removing all of the financial benefits from the increased sales.

This process can be improved by automating these tasks by implementing an integrated business management solution. This would see the salesperson create an order in the same system the administration person uses to approve and convert the order into an invoice - which can then be passed through to a warehouse for dispatch. All of this would be accomplished without anyone re-typing any information while everyone in the process is aware of the status of each order.

The trouble is identifying which processes are holding you back and how to improve them. When you spend all of your time completing the tasks and working in the business it can become difficult to take a step back and take an objective view of your current processes. This is made harder still when it's not you that has to perform the task. If you're asking other staff members to complete these tasks, it makes it difficult to identify how the process can be improved.

It's worth mentioning that habit is a difficult thing to break. Some staff members may have been doing these processes hundreds of times a day - for years. Changing that will be a shock to their system. Part of all this process is to involve all of the staff members affected by any process change. By doing so, the staff member is more likely to be an advocate for change and will have an ownership of its success.

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### 5 WAYS TO HELP IDENTIFY AND IMPROVE THE PROCESSES IN YOUR BUSINESS

#### 1. Identify the most critical processes

You need to know what to improve before you can set about improving it. It's about identifying all the processes in your business and then rating them in terms of importance.

The rating system used will vary by business and industry, but there are some key questions that would be relevant to anyone:

- > Would improving this process increase revenue or decrease costs?
- > Does the process have an impact on your customers?
- > Would it improve staff moral and potentially reduce turnover?
- > If I don't improve this process, what happens?

These initial questions should be adapted to suit your own individual needs, however they offer a good starting point on how to rate the processes you review.

#### 2. Map out the processes you want to improve

Now you've identified the most business critical processes you want to improve, which means you need to map out all the steps in that process and who is responsible for it.

For simpler processes, the recommendation is to map them out using Flowcharts. For more complex processes a Swim Lane Diagram allows you to map out numerous steps and touch points in a process. Once mapped out, these diagrams will show you the steps in the process visually and allow for open discussion with the staff members involved in the process.

*(Flowcharts are simpler to create, however Swim lane diagrams are great for processes that involve several people or groups within the business.)*

Every phase within the process needs to be explored in detail to not only understand each step, but to also identify sub-steps that may be present. You may intend to improve one process, but if it directly impacts another, the processes need to be put into relation to each other in the diagram to ensure any changes within a main process take changes within any related sub-steps into account.

It's strongly recommended you include all staff members that will not only be performing the process but also those that may be affected by the change to ensure you don't overlook anything and to also garner buy-in from everyone involved.

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### 3. Investigate how the process can be improved

Knowing what the most critical processes are to improve and knowing every step within that process puts you in the best position to start to improve it.

Typically, these improvements can be made in three ways:

#### > Streamline

Look for steps within the Flowchart or Swim Lane Diagram that can be removed from the process without impacting the outcome.

A great example of removing unnecessary processes is an exporter whose current process requires all purchase orders to be approved by two staff members. This process was originally put into place to reduce the risk of incorrectly ordering too much or too little stock but has resulted in purchase orders often hitting bottlenecks awaiting those two approvals.

After reviewing this process and looking at the impact of changes, the company found that there was no need for a second approval in 70% of the cases which resulted in faster delivery times and faster processing of purchase orders.

#### > Bypass

There are some processes that are only there because 'it's always been done that way'. Once you've mapped out the process it becomes clear which processes are simply 'red tape' and which ones are core to the business operation. If you can bypass a process entirely and still get the same result, do you really need that process?

If you're going to bypass a process however it is recommended to remove that process over short periods of time to ensure its removal doesn't impact other processes you may have missed when reviewing your core processes. Make sure that you are able to quickly implement that process again if any issues arise after its removal.

Bypassing 'red tape' processes usually results in lots of small efficiency gains. Bypass enough of them and you'll see some substantial improvements across your business.

#### > Automate

Some processes can't be streamlined or bypassed. That doesn't mean they can't be improved. The processes you've defined as critical could still be hampering your growth (i.e. putting the same information into multiple systems or files). The solution is to automate them.

We've already used the example of how a sales order can be created, approved, invoiced and sent to the warehouse for dispatch without any double data entry. Automating removes a huge burden on an administration team because they no longer have to re-type every order manually. This would allow the company to effectively hire more sales people knowing it will have little impact on the administration resources.

Most automation comes from moving away from disparate systems and software like using Excel to create orders or accounting software to generate invoices by implementing an integrated business management solution.

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#### 4. Process improvement through technology

By implementing a business management solution, everyone in the company will be using one system to complete tasks. There will be one source of truth and one process for everyone to follow.

When a business has disparate systems and multiple processes without regulation, it's all too easy for some staff members to begin to perform half the task, or worse circumvent them entirely.

Say a manufacturer has processes in place to help reduce wastage when producing goods. These processes were communicated but rarely policed. Once the manufacturer performs an audit on their processes and how they currently perform, they often realised that staff were bypassing them on occasions to speed up their order times. What started out as an occasional 'shifty' to get their customers' orders to the front of the queue quickly became the status quo and led to continued problems in the manufacturing line.

By implementing one system the manufacturer automatically enforced one process. No one could bypass that process without approval. The manufacturing line was now in harmony, customers' orders were shipped in order and a calmness bestilled the company.

#### 5. Efficiency breeds efficiency

It's amazing how quickly a business that is hampered by inefficient processes transforms into a leaner, more profitable and efficient business.

Success breeds success, and the same can be said for efficiency. Once a business begins down the path of improving its processes and implements an integrated business management solution, it becomes easier and quicker to continue to improve processes.

The business has more information on hand to help map out their processes, and can quickly implement these changes to test and measure the results quickly. You may decide you want your salespeople to generate the invoices themselves, bypassing the administration team. What's great is this improvement can then be measured. It may reduce the burden on the administration team converting orders to invoices initially, but are the salespeople making mistakes that require the administration team to fix up?

Knowing what every process entails and who is involved also helps new staff members get to grips with them much quicker and make fewer mistakes because they know what they need to do, who is part of the process and what the result should be.

As you can see, there are many ways to improve your business. Some can be done right now, and others may require additional help. The recommendation however is to start looking at all your processes today and once you rate and map them you'll be able to determine what you need to do to improve them.

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