

I4 Process

Why Improvements Evaporate:

How to Take 3 Steps Forward Without 2 Steps Back

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Have you faced some of the discouraging situations below? Are you still wondering what happened with your improvement efforts?

- ➔ Have you ever reorganized to serve customers better, made gains, and then witnessed the gains disappear?
- ➔ Have you solved problem X (for example, writing clear requirements for the business), only to find out that after six months you are back at the starting point?
- ➔ Have you wondered why employees go back to a former way of working even when they know the new improvements are really a better way?

Over the last six months, we researched the operational challenges of large (over \$1 billion in annual revenues) and mid-sized companies (\$50 million–\$1 billion in annual revenues) to identify which process improvement practices positively impacted results. The research included interviews with 30 specific companies and

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secondary research on companies in each category. The research suggested several successful practices, and indicated that results were driven more by leadership style and company culture than by the size of revenue stream.

We found that a staged approach yields business results in both mid-sized and larger companies. The approach enables companies to move from small to larger processes and build leader and employee capability in the organization. But the organization needs to do more than just use the practices at a single stage. They need to know how to make the improvements stick. The improvements and the principles need to become standard operating procedure in the organization.

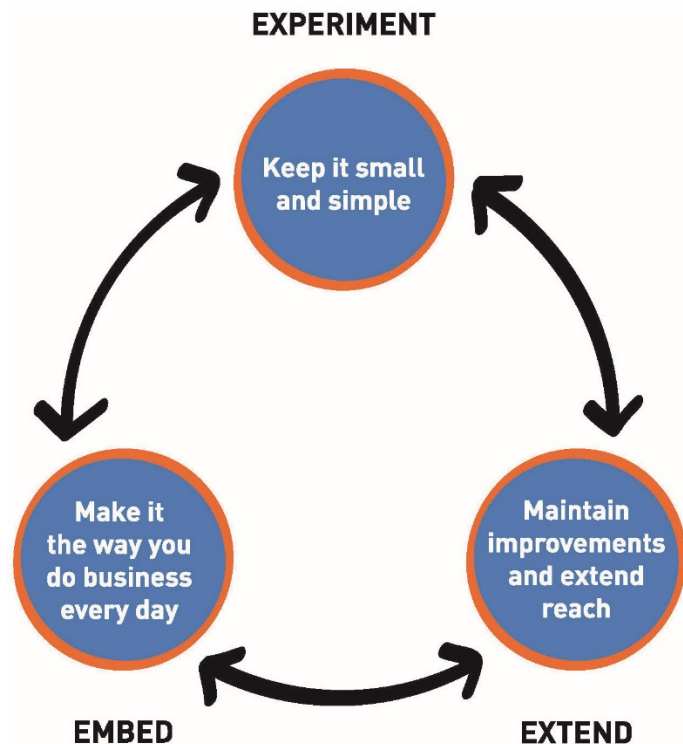
How to Build Improvements That Work and Stick

The 3E model below provides an approach for any company to think about how their organization can start, grow, and make process improvement durable. With this approach the company improves customer satisfaction, operational efficiency, and execution excellence.

The 3E Model

EXPERIMENT - Keep It Small and Simple

The best approach for initial process improvement projects in any company is to Keep It Small and Simple. Process improvement requires a new way of thinking. No longer do managers tell employees what to do, or get employee input and still make the decisions themselves. Here, teams of employees map steps and decisions in the current work method, identify inefficiencies, and suggest improvements. To be successful, the organization starts with small projects or experiments--tests premises and solutions, and finds quick wins. Then, they implement more fully, learning from each project, and promoting successes with other employees.



EXTEND - Maintain Improvements and Extend Reach

The company's next challenge is making the improvements stick. Over time after a new implementation, changes can backslide. Employees may go back to the former way of doing things and improvements are not

maintained. You feel like you have to start again. To prevent falling back, the business owner has to monitor the process, notice changes, and continue to retain the process practices of the solutions.

At this stage the organization also extends the improvement work to new areas. For example, as employees and managers get more skilled, they try cross-functional projects instead of projects within departments. These will be more complex, but they will also generate larger results. In extending reach, the company builds a critical mass of skilled leaders and employees who understand how to do operational improvements in more areas of the company. This stage builds and strengthens the organizational muscle.

Make it the Way You Do Business Every Day

In this stage, the company incorporates improved work processes into the daily work. The improved methods become how the company naturally does business. Over time, few employees want to go back to the old way. New integrated software aids in sticking with the new method. The new methods become how the company does work.

Eventually the organization wants to make additional improvements to the way they do business every day. They might want to incorporate data from customers into the regular work, or work with partners to differentiate their company by providing a wider supply chain. For these additional ideas, it makes sense to EXPERIMENT - Keep it Small and Simple, before moving to the wider stage EXTEND. At this point the company is flexing its muscle further, based on the foundational principle of continuously looking for more improvements.

The EMBED stage necessitates disciplined practices similar to physical exercise. In regular exercise, you identify and measure where you are today (weight, frequency, and level of exercise) and begin an exercise program by starting small (EXPERIMENT stage). At this initial stage you measure and evaluate and then begin increasing exercise times and skill level. You maintain the exercise at this new level or increase it into new areas, maybe using classes or a trainer to extend types of exercise, while still regularly measuring yourself. This is the EXTEND stage. Next, in the EMBED stage, you keep the same routine and make it the way you do exercise every day. Your workout is no longer an 'exercise program', it is your daily exercise. If you stumble, you forgive yourself, pick yourself up and continue again. For additional exercise improvements you may try out new classes, get a friend to share her practices, or go for an exercise vacation, and keep on measuring yourself.

Practices at Each Stage of the 3E Model

The table below "What Happens at Each Stage of the Model?" lists

1. *Operational Practices* that occurred in over 80% of the interviewed companies that worked at a particular stage. These provide practices that are a strong foundation for any company at that stage.

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2. *Secret Sauce* or best practices that emerged based on company culture and stage in the model. They are defined as practices that produced a successful result for the business, as identified by the company and the interviewer. The secret sauce may stimulate ideas for your company.
3. *Examples of Actual Results* from the research for the companies interviewed.

The three parts of the 3E model tend to work sequentially from the top clockwise, but an organization can also skip one stage or move back around the model, depending on the scenario. Each stage has its place depending on what the company is trying to accomplish. But there is one stage which is ‘nirvana’—EMBED. At this stage changes are incorporated into the daily discipline and customers recognize the difference.

What Happens at Each Stage of the Model?

Model	Operational Practices	Secret Sauce	Example of Actual Results
EXPERIMENT Keep It Small and Simple	<ul style="list-style-type: none"> ➔ Document workflows with standard models ➔ Provide awareness training for leaders and employees ➔ Start on smaller work processes in one or two departments ➔ Gather information and ideas from employees who work in the process ➔ Find early adopter leaders to sponsor projects 	<ul style="list-style-type: none"> ➔ Clarify roles and responsibilities and implement them ➔ Find quick wins, implement, and promote. ➔ Use simple tools ➔ Form ongoing small teams (of employees and managers) for improvement projects ➔ Keep projects structured and time bound 	<ul style="list-style-type: none"> ➔ Clarifying roles reduced approvals up to 75% and streamlined process time 10 to 20% ➔ Simple tools increased employee productivity 30% ➔ Quick win results seen in 1 day to 2 months ➔ Leaders and employees got engaged and spread the word about their successes. ➔ Automation took all paper out of expense reporting, added mobile, and reduced process time in half.
EXTEND Maintain Improvements and Extend Reach	<ul style="list-style-type: none"> ➔ Analyze processes after workflow modeling ➔ Get baseline measures ➔ Provide skills training for teams ➔ Use organizational change for transition to the new way of working ➔ Look at work across a few departments ➔ Identify leaders to be ongoing owners of workflow processes 	<ul style="list-style-type: none"> ➔ Use data to make decisions about focus for improvements ➔ Monitor improvements after implementation with data ➔ Provide action learning real time for improvement teams ➔ Select work projects that have measures that highly correlate with company KPI's ➔ Select (or hire) full time internal process experts 	<ul style="list-style-type: none"> ➔ Sales Development onboarding program reduced time to revenue by 9-12 months. ➔ Eliminated the backlog of customer issues from 400 to 0 in 3 months. ➔ Streamlined regulatory records 27% which shortened product launch time by 3 months. ➔ Restructured IT support to have a client-facing group and an internal facing group

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	<p>who can coach leaders and facilitate teams</p> <ul style="list-style-type: none"> → Provide coaching until improvements are stabilized in operations → Provide training for business process owners for projects and for ongoing monitoring. 	<p>providing better services to both groups.</p> <ul style="list-style-type: none"> → A cross-functional team designed a new software development process that was 3 times faster.
<p>EMBED</p> <p>Make It the Way You Do Business Every Day</p> <ul style="list-style-type: none"> → Maintain data discipline (Use quantitative data to measure health of processes, trends, and alerts to indicate if on track or not) → Employees use data to track processes and see impact on strategy → Fold improvement projects into the ongoing core work → Use criteria to prioritize processes for improvements → Ensure process improvement projects are aligned with strategy → Identify business process owners who have cross-functional responsibility for work processes 	<ul style="list-style-type: none"> → Senior leaders are committed owners of core processes → Process metrics relate to company KPI's → Employees know how their metrics impact company KPI's → Business and technical teams work together on process → Share data with customers and suppliers for planning, operations, and monitoring → Processes are part of leaders and employees performance plans → Build process practitioner expertise; rotate leaders into and out of process practitioner group 	<ul style="list-style-type: none"> → “We are state of the art now in terms of experimentation capabilities—doing 100’s of experimentation tests for our online software. We iterate fast and then implement. “ → Demand-driven modeling approach keeps forecast accuracy to within 3.5% for key customer and suppliers. → 60–70% of 4 major units in division are at their Optimization stage (similar to EMBED stage). → Product development transformed from a life cycle method to continuing streams of work, delivering ten times more product in a year. → Three company objectives drive each Business Unit’s organization effectiveness approach. These become part of an executive’s performance plans and impact their evaluation and pay.

Case Study: Only Strategic Projects Get Resourced

This mid-sized B2C has a strong CEO with clear values. The number one value is that whatever the company does must benefit the customer. The CEO defines the vision and strategy and he and the execs turn the strategies into projects. They know there are only a small number of projects they can work on. When a new project idea gets introduced, the execs decide whether to take it on or not. They choose from 5 options: 1) make it a top priority 2) wait until resources are available, 3) buy it, 4) have someone else build it, and 5) don't do it at all. Once they have made the choice, they execute and deliver what they promised on time.

This company is currently operating in the Maintain Improvements and Extend Reach stage. It prioritizes operational projects and ensures they are critical to the top strategies. And then it invests in bringing these projects to fruition by providing the necessary human resources, budget, and a skilled project manager and process improvement facilitator to guide each project team. They manage backsliding (1) by keeping projects to a small number (2) by evaluating new projects company-wide, and (3) by collecting metrics on the delivery time misses.

They also follow an important success factor that comes from the EXPERIMENT stage: they use simple tools appropriate for the project. Excel spreadsheets are enough for project management of small projects—there is no need for more complex tools. Smart Sheets are now being used to help middle managers track employee availability for regular work and projects. Large companies as well as mid-sized companies benefit from keeping tools and techniques simple.

Case Study: Crawl, Walk, and Run

A financial department of a large technology company had employees working long hours and even staying overnight every quarter when financial information was due. The SVP realized this could not go on. He provided his leadership, selected a team of internal subject matter experts, and chose an internal project lead and external BPM practitioner to concentrate on the project. The initiative had many quick wins and a long term plan that involved automation of the global process.

As they entered the EXTEND stage, they added some critical components to foster additional success. They hired a full time BPM practitioner to spearhead transformation and build leader and employee skills; they selected larger cross-functional projects and piloted the methodology they would use; and they created a definition for success: each improved process would improve operational clarity, impact metrics, and impact key decisions.

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All along, the SVP maintained his role as a catalytic sponsor. The BPM practitioner set stretch goals but understood that the organization needed time to crawl, then walk, then run. In the “crawl” stage, she supported each process improvement effort with a change management plan that enabled the business function to Transition from recommendations to implementation and then do ongoing maintenance in the regular work. In the “walk” stage, she added Stabilization, which meant she helped the business owner maintain operations on their own by defining responsibility matrix, service level agreements and more. In the “run” phase, she added Optimization, which meant that the group’s leader maintained his own continuous improvement cycle, and brought new improvement ideas from the regular work to the senior leadership team. Here, these ideas are evaluated for relevance, potential return, and current resource availability. Clearly this “run” stage is part of Make It the Way We Do Business Every Day. This crawl, walk and run process was set up to support movement through the stages, and to enable leaders and employees to embed improvements in the daily work.

Case Study: Structured Onboarding Means Faster Revenue

As interest in big data and analytics grew, this company (now mid-sized) started to grow dramatically. They were hiring 10% more people a quarter, sales were strong, and the company was planning to go public. But product releases were erratic—sometimes every three months, other times only once a year. Then the CEO started to run the company as though it were already a public company. That meant it was important to have a steady product release rhythm and continue to sell the product.

They needed to get new sales and presales technical resources onboard in a way that enabled them to sell faster. They developed a customized blended training; it had an online virtual path beginning Day 1, then onsite immersion training with a certification test, and practical face-to-face evaluation. New sales reps are now closing their first deal (over \$100,000) 62% faster.

Each year, the organization enhances the onboarding process. They maintain continuous improvement with weekly enablement calls, and now provide leadership training to coach and develop sales leaders to train their people.

The company is operating at the Make it the Way You Do Business Every Day stage. It started at Make It Small and Simple with the concentration on sales and pre-sales onboarding, but extended that area and maintained continuous improvement. Because of the impetus to go public they also concentrated on product development. They stabilized and coordinated product releases. Releasing new software regularly enhanced product launches, enabled better customer service, and strengthened sales promotions—all part of the EMBED stage. All this meant faster growth for the business and more committed customers.

Common Barriers

The examples in the table are a guide for you. But don't be fooled! It's not as easy as all that. Many things can get in the way of taking the time to improve the work, making it stick, and baking it into your ongoing work. Certain barriers predominate at the three different stages, but they can occur in any stage. Here are the common barriers we found in the research.

EXPERIMENT Barriers

1. Employees get pulled off an improvement project to work on another project and the project just dies a slow death.
2. If you take on a project that is too large or not meaningful, the project gets bogged down and interest wanes. The scuttlebutt around the company might be, "We knew this wouldn't happen anyway."
3. The culture says, "Improvement projects are important. Make sure you get to them **after** you finish your regular work." So projects get low priority, delayed, and often don't get done at all.

To overcome these barriers the project leader or BPM practitioner needs to recognize these signals quickly and bring them to the business owner's attention. Then, after discussion, the business owner takes action.

EXTEND Barriers

4. Middle managers are resistant to changes. They prevent projects in their area or are slow to implement changes.
5. The company provides extensive training, but training is not associated with immediate projects. As a result, training builds employee knowledge but does not apply to projects that produce business results.
6. Outside consultants or internal experts do all the work. A project gets done with limited manager and employee input, and there is no ongoing engagement from management and teams. This often produces a lackluster implementation.

Countermeasures to these barriers can be handled by meaningful engagement, such as engaging middle managers and employees in being a part of the project team or using managers and employees to review and test prototypes.

EMBED Barriers

7. Beware of the enticement of "shiny new things." Instead of moving improvements into the way you do business every day, managers treat them as a program of the month. Both managers and employees pay less and less attention, knowing there will be another shiny new program soon.

8. There is new leadership in the division, or the CEO decides to change things because he wants to focus on something else.
9. The company does a really good job with projects and focuses on projects, projects, and more projects. But pretty soon, implementation results slip away. The company goes to another project and does not make work improvements part of how they do business every day.

In the third phase, the barriers have to do with how to keep going forward when there is a major change that disrupts how you Make it the Way You Do Business Every Day. The organization needs to recognize it has stumbled, go back to the practices that maintained improvements, and rebuild them into a daily discipline in order to EMBED them again. Leadership can really help here.

Combatting these common barriers can be done by

- ➔ Recognizing the problem early on, discussing it and identifying the root cause instead of putting your head in the sand or blaming it on some one
- ➔ Taking corrective action and making revisions (to the goal, scope, team, etc.)
- ➔ Or, stopping the project entirely if it's just not going anywhere or because the need has changed.

If you want to read about more specific responses to each of the barriers, see further details on the [website](#).

What the 3E Model Means for Your Organization

The 3E Model is similar to the Deming Plan–Do–Check–Act model because both provide progressive phases and practices for process improvement. And, like the process maturity model, the 3E Model has stages moving from an initial approach to a mature continuous improvement approach, although the 3E Model has fewer stages and represents a simpler approach. What is different about the 3E Model is that any of the three stages can be accessed at any time, although stage one and two tend to come before stage three. And stage three is the 'nirvana' stage.

Interviewed companies were frustrated when improvements were not sustained over time. They wanted individual project improvements to be baked into how they do their daily work. The EMBED stage of the model represents that scenario. It is also what makes or breaks a company with customers and suppliers, because EMBED creates a competitive difference for the company. Great CEOs can have a vision and lead a company toward stage three. But when entire organizations operate at stage three, the result is true sustainable advantage. All employees strive to improve work and establish the improvements as the new way that business is conducted.

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Customers and partners view a company at stage three as exemplary. The reputation of the company is at a new level. The company enjoys reduced costs and faster turnaround, but the exceptional reputation and unique position in the marketplace that is achieved at stage three is even more significant. At EMBED, it is not about a program of the month or simply deploying many projects in different regions; it is a method that becomes an organizational value and a daily discipline, which gives pride to the organization and produces loyal customers who refer the company. And that's why the company grows and moves to the top of the leader board.

This paper has concentrated on the operational practices and secret sauce that enable a company of any size to move to the different stages of the model. But operational practices are not the only factors. The company needs to pay attention to the learning and development path and the attitudinal changes of employees and managers. Both process improvement and continuous learning must support the business culture. They are both part of the mind shift needed for moving through the three stages and growing as a company.

Call to Action

You probably want to know what stage your company is operating at, how the barriers you are facing could be countered, or how to operate at EMBED - Make It the Way You Do Business Every Day. First, have a discussion with leaders and groups in your own company, make your own assessments and suggest possible company solutions. Or, contact me with issues, questions and thoughts. We hope you are compelled to take action by these ideas.

About the Author

Shelley Sweet, Founder and President of I4 Process, is a highly respected BPM Practitioner. She provides consultation, workshops, and training programs for clients ranging from start-ups to Fortune 500 companies, educational institutions, and government organizations. Her programs are based on a unique 3-PEAT method of modeling processes and analyzing data that accelerates operational improvements, and builds leaders and employees who sustain operational excellence. She is the author of [*The BPI Blueprint: A Step-By-Step Guide to Make Your Business Process Improvement Projects Simple, Structured, and Successful*](#) (Cody-Cassidy Press, February 2014). Email her at ShelleySweet@i4Process.com, call 650-493-1300, or visit her website at www.i4Process.com.

