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Process Improvement: The One Thing You Must Consider To Be Successful

I've led many process improvement efforts for many companies over the years, but my experience at one stands out from the rest. The challenge I faced was to take this Fortune 200 business through a game-changing transition from their existing multiple enterprise systems and processes to a single process and platform for order entry and fulfillment.

The company's brick & mortar stores, catalog, and eCommerce businesses were grown internally. Yet their B2B division, the part of company that sold to businesses, was built on both internal growth and acquisitions. Each of these channels had their own order entry and back-end systems. In fact, each had their own supply chain and distribution center structure. For example in a typical major USA market there was a distribution center that just shipped B2B customers. Just a few miles away, there was another distribution center that just shipped catalog customers. This created redundancies, duplication of effort, and waste in supply chain and inventory expenses. But if the company could simplify, streamline, and economize, this also offered a huge opportunity.

I was chosen to lead a 250-person, cross-functional team charged with bringing all channels onto one platform and ordering process that could accept, process, and ship orders throughout the United States. If successful, the savings would be huge in terms of fixed cost reduction. For example, it was estimated that the company could reduce the number of their distribution centers across the country by half. And they could subsequently reduce their inventory investment and carrying costs. What's more, with a common, streamlined, and updated process across all channels they could most likely provide better, more seamless customer service. The project involved moving to a unified order entry and delivery system for all channels.

At the time, this process improvement was the company's most important project. The stakes were high. If successful, the savings would

be incredible. If we turned it on and we failed, the damage would be horrendous. We could always fall back on the old system, but that offered risks as well.

Additionally, our charge was to create a conversion model. To build it we had to gut, rebuild, and start up the company's first multi-channel distribution center. While I owned both projects, it couldn't be done without the tremendous help and efforts of the people reporting to me and the rest of the team. The project was massive and complex. But one lasting takeaway has stayed with me and is a hallmark of any process improvement project I've undertaken ever since.

Before you change anything, understand thoroughly a) how it works today and (b) how you want it to work in the future.

If you are the operational manager, you own the change. Ask the project team to give you a detailed analysis and flowchart of the process under construction: how it operates today, the change proposed, and how it will work after the change. Before you begin any changes, carefully review the analysis and accompanying flowcharts. Make sure you have a ground-level view. Question everything. Encourage the project team to anticipate and account for any potential roadblocks and detours. Ask: What's the testing regimen before it's turned on and what's the backup plan if it fails?

 Approve the plan only when you are satisfied it meets these criteria:

1. It is complete in every aspect.

2. It is practical and workable. Actually walk through each step of the proposal with the process improvement team.

3. It is as simple as possible. Sometimes we overcomplicate. That, in itself, could be a sign that there is not full understanding of how the process being changed actually works. The best improvement is the one that results in a streamlined, simplified routine that still accomplishes all of the intended objectives.

4. It is 100% complete and accurate. I can guarantee you that if the research and documentation is only 80% correct, the 20% that misses will place the success of your project in jeopardy.

Failure to execute at 100%, sloppiness, and/or lack of attention to detail will result in a flawed effort that will undermine and potentially slow down your move from one process to the next. Or worst case bring it to a

standstill. So when you hear about system switch-overs that failed or companies crashing because they moved from their old system to their new system, it may be a hardware failure. But more likely than not, it's a failure to completely understand how the system and process worked originally and how it will work under the new proposal.

It is also critical to understand thoroughly the traffic demands of your existing processes and system and how these compare to the increased activity your business will encounter under the new process. For this project, we were moving transactions handled by many systems to one order-entry platform. This was predicted to create a gigantic jump in activity that would have to be processed by one system. And we had to be ready and able to handle this.

The team's performance was extraordinary. We came in on time and under budget. Most importantly, when we moved to the new process and system and activated the newly rebuilt multi-channel distribution center and system, it worked! Based on our success, the company has been able to reduce expenses, reduce distribution centers, reduce inventory investment and carrying costs, and improve customer satisfaction, all while growing the business. We successfully guided this Fortune 200 Company from Point A to Point B, because we knew where Point A and Point B were!

If your company needs process improvement, I'd love to talk with you. Please send an email or call me directly —

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