BUSINESS MANAGEMENT MASTER CLASS SERIES

Business Process (Quality) Master Class

Mention the words "quality" or "process" and most of us have an immediate (negative) unconscious response. Too often "quality" is associated with someone else (quality dept / managers / external auditors / ...); vast quantities of paper; control freaks; needless overheads; time wasting; inflexibility; and stifled creativity.

Regrettably these perceptions are all too often justified because of the way in which quality / business process has been approached. If you think that business process and quality are different concepts, that is probably part of the problem.

How not to do it

Perhaps unsurprisingly it is far easier to get it wrong than it is to get it right. If you do get it wrong don't worry about it – most organisations get it wrong at one stage or another and moreover they often repeat exactly the same mistakes, for the same reasons, following the same evolutionary path. Take the history of Acme Ltd for example…

For Acme Ltd the concept of Quality was reluctantly taken on board as an unfortunate consequence of doing business in a competitive market place. The options were limited: stay as a bit-player or buy a piece of paper from a Certification body and become a major-player. Common sense dictated that they should buy a certificate and do the minimum necessary to convince a certification body that they deserved the honour. In practical terms this meant hiring external consultants, customising a set of off the shelf documents, calling them a Quality system and handing over a few cheques.

Before Intranet technology became popular at Acme one of the problematic features of their Quality system was paper. Every manager was given a tome-like procedures manual that rapidly migrated to a bottom draw to gather fluff. A distant manager (assigned responsibility for "Quality" only because public flogging was frowned upon) sent paper based updates every year or so and these formed new sedimentary layers in the same draw. Intranet technology removed the need for paper, made implementing updates easier but did little to change perceptions. No one used the procedures and they certainly did not use their Quality system to identify better ways of doing business.

A few years later a professional quality team was hired to enable Acme to compete for even bigger contracts. The "Q" team knew very little about Acme's business but could quote ISO standards word for word. Because they had time on their hands they set out on a mission to document anything that moved. Because they needed someone to sign-off changes procedures became compartmentalised by department. The result was a burgeoning Quality manual that made War and Peace seem like a short story. Because there was so much detail, thereafter much time was spent in a perpetual cycle of reviewing and updating tome-like documents that no-one ever read without coercion.

As mind mapping and flow charting became popular the Acme Quality system became more visual and a *little* less detailed. But just because they were easier to read did not mean that they represented what people actually did, or even what they should be doing. There was always a considerable level of ambiguity and at best the pretty process flow diagrams represented what used to happen some of the time, mabe.

Then as the need to control costs increased senior management began to realise that an accurate model of how business should be conducted might just be useful after all. Perhaps for the first time the Quality system had some form of buy-in from those with the power to make it work. Their first dictate was to actively push middle managers to agree what they should be doing and then to do what they had agreed to. This was often linked to top level process metrics linked to their bonus payments. As a consequence the Quality system gradually entered a minimalistic phase with as little documented as humanly possible. The reasoning was that if you don't write it down, when you don't do it no one can say you should have done it and the bonus payments will be safe.

Savvy senior managers knew all too well that this was the case and (if they hadn't already) stepped-up the dreaded audit process to police the organisations processes and hunt down non-conformists. External Certification auditors with teeth were brought in and the remaining internal auditors were sent on training courses to prevent them from being so "nice" when auditing neighbouring departments.

With battle lines neatly drawn between middle managers, auditors and senior management so the cold war began. It was at this juncture that rifts within the senior management team became more obvious and battles for territory / responsibility ensued with the Quality system being used as a lever. In the midst of this political frenzy anyone associated with quality began to feel distinctly uncomfortable and the reasons given by internal auditors to avoid auditing became almost as spurious as the reasons given by managers to avoid being audited.

Just-in-time Balanced Scorecards came into being and salvation seemed to be in sight. Balanced Scorecard were positioned as being a series of “objective” performance based metrics most of which (one way or another) tracked back to underlying processes. The resulting Balanced Scorecard reports were generated by accessing operational systems and the results were annoyingly difficult to argue with. The effect was to divert some of the hatred away from the concept of “Quality” and onto an impersonal series of computer systems driven by relentless process automation. The theory was “what gets measured gets done”. Managers went into bonus protection mode and ensured that they only ever agreed to what they could deliver easily and when that didn’t work they would change the way in which they used operational systems in order to generate the “right” operational data.

For many organisations this is about as evolved as they can hope to get and their Quality systems will tend to limp onwards without any real change to attitudes or behaviours. If you can see your organisation in the commentary above you are part of the majority and have nothing to be ashamed of.

Stop digging

To understand why quality is so ineffectual you need to stop digging and rise above the big hole that you’re digging to see the bigger picture. At the same time step out of your current role and leave behind all of your baggage. You should now be able to see an organisation, the people that work for that organisation in a series of groupings and people outside the organisation some of which are customers or prospects.

From the perspective of “the organisation” the prime directives are (1) control costs, (2) make profit / don’t go over budget and (3) do (1) and (2) in such a way that an effective service is provided to customers at the right price such that they are sufficiently happy that they return. The customers’ prime directives are: (1) spend as little money as necessary, (2) get what is actually wanted and (3) feel OK or good about spending the money. Reasonably uncontentious? OK. Given that the process of being in business is reasonably easy to model (at the top level) and that a quality system is simply a model of how a business is conducted where do things go wrong?

The Top 5 Issues and a few solutions to consider

The most common error is to externalise the responsibility. If you hire in external consultants to develop your system and leave them to it (or if you setup a specialist internal quality team sometimes) the responsibility is not with the people managing or doing the work. Because they do not feel responsible for the processes they are supposed to be following the processes are either (1) not going to followed at all or (2) going to followed but only begrudgingly. The other effect of this approach is to generate two sides – us (the oppressed masses) and them (the external dictating force).

One solution is to let managers and their teams edit or rewrite their procedures in a way that they can understand. This could mean that different processes are documented in different ways and that's a positive sign that responsibility is being transferred where it belongs.

Ownership is the second most common problem. Sales have their processes for example and marketing have theirs. Sales processes are signed off by the sales director and marketing processes are signed off by the marketing director. However, sales and marketing processes are not so easily separated – they are symbiotic sets of activity with much overlap between them. Departmental sign-off sets the boundaries in stone and primes the scene for compartmentalised, defensive thinking.

To combat this issue escalate overall ownership as high as possible to MD or CEO level. The way in which you operate should be owned by the business not by department heads or divisional directors. With *active* executive support the ownership is at the right level. Then un-departmentalise your procedures as far as possible and accept that shared processes can and should have several managers / directors authorising change.

The third most common problem is to listen to external advisors such as external auditors without questioning their thinking. Are they as expert at managing your business as you are? The likelihood is that they are not. Treat what they say as suggestions not as commands to be obeyed without question. You have the right to say "no" and when it comes to external auditors you also have the right to ask for a different one. You also have the right to reduce your certification scope at any time and remove entire divisions from the external audit process should you so desire. Remind yourself that you are a customer of the certification body and that the certification body is providing you with a service that you are paying for. If they are not working for you change to a different certification body.

The final issue that I will mention is the entire concept of internal auditing. Internal audits are generally external by design on the basis that managers should not police themselves. The theory is sound but in practice internal auditing tends to be ineffective because of internal politics, fear of causing friction and a desire to maintain the status quo. Clearly some form of check / balance is required the question is how to achieve the desired effect.

The most effective solution to this problem is to let managers and their teams review their own processes both individually and collectively on as regular a basis as they see fit. This approach reinforces the fact that they are responsible for their own back yard and also ensures that their process model is an accurate reflection of what they actually do and that what they do is what they should be doing. To ensure that abuse does not take place increase the frequency or duration of external audits and add process responsibility to job descriptions / contracts where possible. If you go down the Balanced Scorecard route take care not to become too obsessive.

Who dares wins

In this Master Class we have explored the typical path that organisations take when implementing the concept of quality. We have identified the top five mistakes made and discussed a few of the possible solutions. Perhaps the most important concept to consider is that you have the right to be different – just because everyone else is making the same mistakes does not necessarily mean that you have to join them. The choice is yours to make…

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Length: 1900+ words
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