

BPM 6 – Using XeP3 to Maximize Returns from Your 6 Sigma Investment

PINPOINTING THE 30% ADDRESSABLE OPPORTUNITY

Business performance is dramatically reduced by errors and omissions [-business process Noise]. For example incomplete order data starts a chain reaction that wastes resource and inevitably negatively impacts the customer. Such an omission prompts additional contact with the customer to get the data right (increased cost and irritation to the customer). In turn the errors delay delivery (reduce customer service) and may well result in the sales staff being called in to give a discount (more wasted time and reduced revenue).

The 30% Productivity Opportunity in Your Business. Six Sigma is a powerful approach to deliver improvement. The XeP3 tool allows you to quickly cost and pinpoint the many drivers of this failure so you can address them in priority sequence – and ensure that all of the opportunity is released. Over 300 studies in a wide range of organizations shows that process failure (XeP3-NOISE) absorbs 30 – 50 % of staff and management time. It is typically 30% even in the best managed organizations.

Drive Revenue and Margin Growth. Data from these studies shows *every time* that high Noise levels correlate with low Core [value driving] activity. In other words, the noise deflects or diverts staff and management from carrying out critical business performance driving activity. So use the tool to pinpoint and drive performance directly and get greater leverage on your Six Sigma program.

HARVESTING THE OPPORTUNITY

An organization first needs to measure opportunity and then, secondly, ensure that the full benefit is obtained.

(a) Using the XeP3 Tool to Measure Opportunity

It is rare for set targets to be materially exceeded. So if a low expectation is generated then the outcome will be low. On the other hand unrealistic stretch targets put people off. It is important then to measure the opportunity quickly and do it in such a way that it has credibility from full buy in as well as supporting a stretch target. According to Chris Goldsmith in Shell - “XeP3 provides a compelling case for change to all levels.”

In manufacturing processes the opportunities from the errors, or NOISE activities, are relatively easy to see. At business unit level errors made in specifications or manufacturing operations etc show up immediately in adverse labour and material variations. Tracking down the errors and their cause will be much aided by the usually obvious waste material and/or scrap. As has occurred, building a car body with 1 door on one side and two on the other is difficult to hide! Fishbone cause and effect tools and simple flowcharts will then be really useful in tracking down and addressing the causes.

Unfortunately this waste is never so obvious in the manufacturing support or in the administrative and professional processes in the service sector. This is because a

complete and correct set of information is not obviously different to one with errors or omissions, and today's workflow systems do not allow for acres of red ink corrections.

The big issue is that even in today's manufacturing company the bulk of the process activity is in support and administration – not in direct (potentially scrap producing) activity. These administratively oriented processes include: customer service, new product development, business development, sales administration and triple bottom line as well as just about every process in service industries.

The objective of having business processes that perform to six sigma levels (3 errors in 1m transactions) in either a manufacturing or an administrative process is the same - get the key cost and customer affecting errors and omissions down. Using six sigma as a target then means improving from circa 2 to 3 errors occurring in ten transaction (2 sigma) in the typical organization to 3 occurrences in a million transactions (6 sigma). Even a four sigma target sets performance goals way above those achievable from a top down program or detectable with the current generation of flowcharting and process management tools.

There is also an interesting twist in the argument. **XeP3** analysis demonstrates that there are often more than 250 routine error drivers present in an organization's business processes. The need therefore is to focus on those drivers that will give the biggest benefit. No organization can afford to address all of them. A very real benefit from process recording, on which the **XeP3** tool is based, is that it will reveal quickly those driver incidences that occur across end to end processes. In contrast, the more common mapping approaches are best suited to an individual cell – making it at best, a slow and imprecise process to define cross business or end to end supply chain priorities.

The new generation of process recording tools, such as **XeP3**, will provide the capability to quickly pinpoint all of the opportunities, credibly, even in the largest organization in a short elapsed time. In the case of the **XeP3** tool this time period is three weeks. In addition these process recording tools deliver data to which everyone will subscribe because they are built around creating and re-inforcing a shared, common language for describing business processes.

(b) Results through People

Once the full opportunity has been measured using **XeP3** management can quickly set the priorities. These can then be focused on and remedies and breakthroughs can be developed using the 6 Sigma frameworks as appropriate.

The issue then becomes how to ensure that the full benefits are obtained. A second difference then emerges between direct manufacturing and support and administrative process improvement. In shop floor manufacturing situations, remedies are often provided **to** the operators **by** technical people who work outside the day to day process. These external experts do the investigation, change the set up, the jigs/measures etc and then put them in place with measures to manage out the causes. In support and administrative processes the change is much more dependant **on engaging the people** involved – and their understanding and agreement to change the way each person does things. This is again an area which the tool provides real assistance. It enables the

change team to fully engage the staff in both “admitting” the Noise and provides them with the tools to define, execute and measure progress to achieve success in full.

In contrast, an external expert, if an external person insists on doing the change on their own [as often happens] then the change will be resisted, will often only address part of the problem, is likely to be transitory and even a small agenda will take forever.

WHAT THE XeP3 PROCESS RECORDING TOOL PROVIDES

The **XeP3** Tool has been developed to support change initiatives and has been used in over 300 change programs. **XeP3** will provide a quick and effective measurement tool to both measure process performance and enable you to pinpoint the priority deficiencies. It then provides a comprehensive, process recording based, mapping capability that is vital for quickly deriving business cases.

Other features in the tool will then continue to add value such as - integrated process modeling; integrated planning, monitoring and measurement; business process and procedural documentation management etc.

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