White Paper

Experience your Process from the Outside In

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In a competitive environment, organizations that provide exceptional customer service can differentiate themselves from the crowd. It is sometimes argued that improving customer service leads to increased costs and therefore is a luxury that only organizations with value propositions at the premium end of the spectrum can afford. However in many cases it is possible to implement process improvements that improve customer experience without increasing costs. In fact, in some cases the increased efficiency may even reduce the transactional cost – which provides the opportunity to pass some or all of the cost saving on to the consumer.

In order to achieve these types of benefit, it is useful to consider our processes from "end to end" and from "outside in" and look for opportunities to increase efficiency or effectiveness.

The Importance of Considering a Process from End-to-End

When looking for improvement opportunities, processes are often a first port-of-call. Yet it is important to ensure that we observe and analyse the process as a whole. This can be a challenge since when organizations grow, and functional lines are established, often business processes start to grow and evolve too. In many cases, processes evolve in a rather compartmentalized way, without any holistic consideration for the value delivered by the process or the end-to-end customer journey. Each department "owns" their own part of the process, and might not fully appreciate where the input to the process comes from or where the output goes. In extreme cases, we may see departments throwing process outputs “over the brick wall” to the next department with little regard for whether the output is useful for the receiving department. This is illustrated in figure 1.

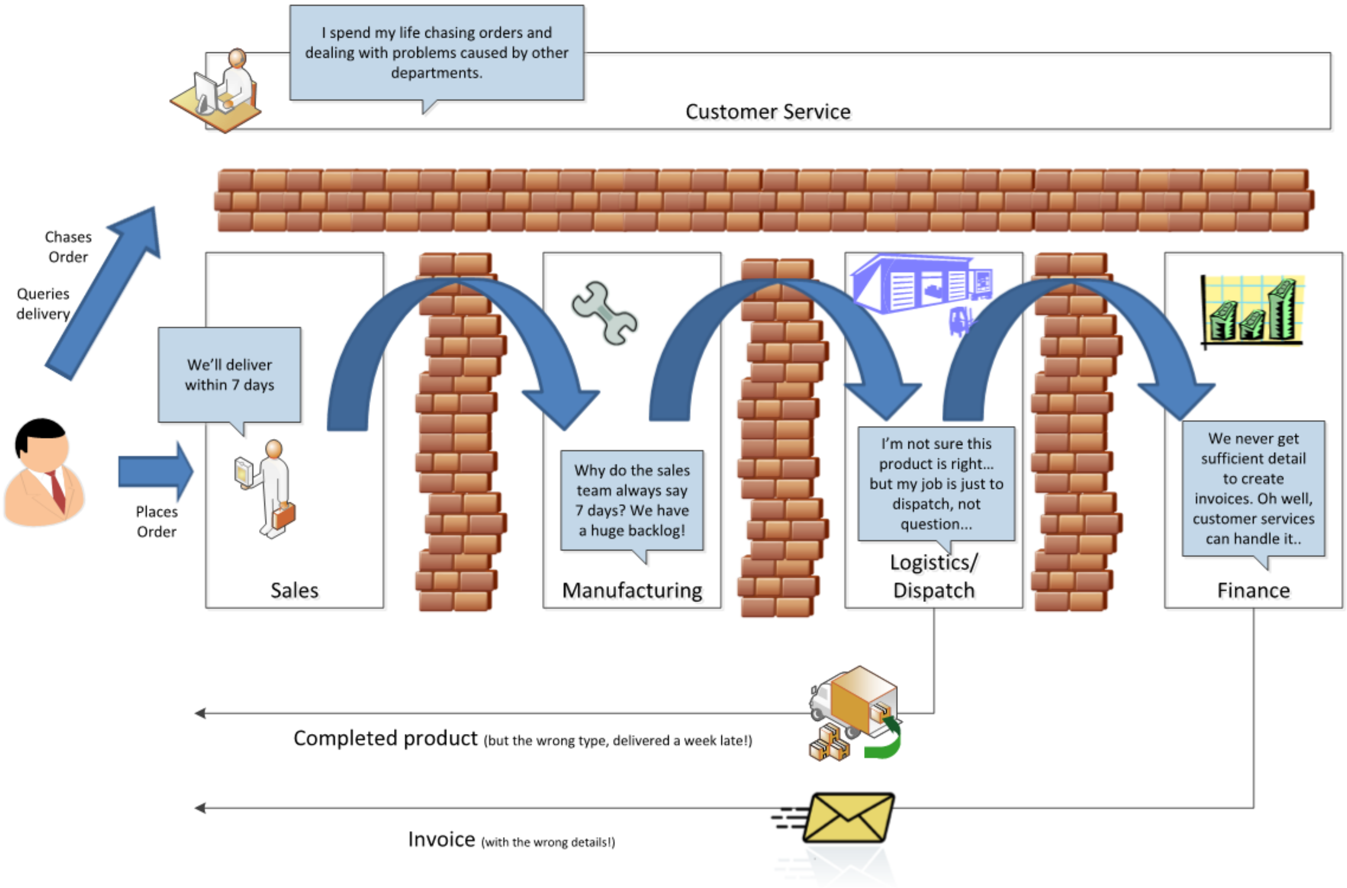

Figure 1: The impact of “brick walls” and silos. Diagram ©2014, used with permission

From a customer’s perspective these processes and procedures need to be stitched together to make sense. If we improve one compartmentalized part in isolation we might make no discernable difference on the end-to-end process over all, or we might actually make things worse. After all, most customers really don’t care whether their product has been delayed due to a bottleneck in Sales, Service or Manufacturing – they just want their product!

It’s long been argued (quite rightly) that we should visualize a process from end-to-end – starting with the ‘business event’ that triggers the process (e.g. “Customer places order”) through to the logical termination of the process, often involving the delivery of customer and business value (e.g. “Product delivered + Customer Satisfied + Invoice paid & Reconciled”). This high level yet holistic view helps us to visualize the boundaries, handovers and (importantly) examine areas for improvement. By examining a process from end-to-end and tracking the workflow, we can see where exceptions occur, where bottlenecks exist and when cases ‘fall between the gaps'. Fixing inefficiencies is likely to reduce transactional cost and may simultaneously improve the customer experience. Optimizing processes in this way creates a win for us and for our customers.

We can look for enhancements of the customer experience even further by considering our process both end-to-end and from the outside in. This involves considering the voice of the customer at every stage and asking the question "what would a customer think of this?" It involves ensuring, ideally, that the end-to-end process delivers value to the customer ("My product's been delivered!") and the business ("The invoice has been paid!"). By understanding the trigger, the end-point and the value we create for both the customer and the business helps to enhance focus. It involves visualizing, experiencing and thinking about the process like a customer, and maximizing efficiency and effectiveness. It involves taking an objective "fresh pair of eyes" to our processes. This paper includes some practical tips that can help achieve this goal.

Practical Tips for Thinking End-to-End and Outside In

Tip 1: Integrate the voice of the customer into process improvement activities

It's crucial to ensure that we understand our customers' real expectations and integrate their voice—either directly or by proxy—into the improvement activities. How quickly do they expect us to deliver our products? How quickly do they expect us to resolve their queries? What is their overall expectation of the level of service and how that service should be delivered? Understanding these expectations will help us to ensure that our process can deliver to them – or will ensure that we can actively manage their expectations.

There are many ways this insight could be gleaned. We could hold a focus group or individual interviews with a sample of our customer base, or we could even tap into any existing customer correspondence to gain an understanding. Complaints and customer feedback can be a source of insight into areas where we haven't met expectations, as can sampling general customer correspondence.

However we achieve it, we should ensure that somebody in the organization and ideally someone on the project team has the responsibility for injecting the 'voice of the customer'. We should encourage all team members to consider this throughout.

Tip 2: Avoid mismanagement of measurement

When processes are dispersed and operated in silos, it's not uncommon for individual departments to set separate measures and success criteria for each part of the process that they own. As organizations start to visualize and map the end-to-end view of the process, an opportunity for a more holistic approach emerges, yet there is still the danger that the internal measures might be somewhat detached from the customer's perception or expectation of service. Remember, we need to think like a customer, looking from the outside. Put simply, if we focus internally, we might end up with a decidedly different idea of what "good" looks like. We might even end up with a situation where each department meets its Service Level Agreement (SLA), but the customer's needs are not met, or we force the customer to jump through hoops to achieve their objective.

Example

As an example, when I moved into my current house, I received a letter from my gas supplier. They needed to carry out a routine safety inspection on the gas meter as it hadn't been inspected for a fair few years. In the letter, they set out the date and time they would be coming to carry out the inspection – which was a weekday (so I would be at work). I rang to ask whether I could change the appointment, and was told that I couldn't – it was a fixed date, and it couldn't be changed (even though they knew I wouldn't be in). The safety inspector would visit, and when they established I wasn't at home, they'd put a card through my door. This card would have a reference number and phone number to allow me to book an alternative appointment. There was no way this appointment could be amended in advance.

So, I reluctantly waited for the card. Sure enough, the card arrived informing me they had attempted to visit – and I was eventually able to book another appointment. Yet the gas company had gone to the effort of sending out an engineer knowing I wouldn't be at home. They'd also had to deal with my enquiry multiple times as I'd had to ring several numbers before I could eventually get the appointment re-organized.

I was left slightly bemused at the waste of resources. Yet, one can imagine that each department's SLAs were probably met in this circumstance:

- The engineer arrived on time as scheduled *(the fact I wasn't going to be there probably wasn't considered or measured)*
- Each phone operator cleared my call promptly *(although they didn't actually answer any of my queries…).*
- The delay in carrying out the safety inspection was due to "customer not being home" *(clearly no fault of the company – although they had information in their possession which could have prevented this).*
- So in summary, all measures and SLAs may well have been met

– which could be interpreted to mean that the process is working well – even though it was inefficient, wasteful and frustrating for the customer!

Looking at this from an outside-in perspective exposes waste, compartmentalized processes and ample opportunities for improvement. A better solution would have been for the process to be flexible, and for me to be able to schedule the appointment at a suitable time. Including additional measures—from an external perspective—could certainly help to enlighten things. For example:

- Level of customer satisfaction over the safety inspection
- Number of missed appointments *(if a high proportion are missed, this suggests an opportunity for better scheduling or for reminding customers)*
- Average cost of inspection *(taking into account missed appointments)*
- Volume of customer contact (demand) created for inspections *(a ratio or percentage: How many times does, on average, a customer have to contact the company about an inspection).*

These are just examples of course, there would be many other measures that would be useful too.

Tip 3: External suppliers/interfaces matter – often more than we realise

Increasingly, our processes may cross organizational boundaries, involving external third parties or suppliers. In instances like this, the customer's view of where the process starts and ends is likely to cross organizational boundaries too, whereas initially our internal view might be quite different. In reality, the fact that we might choose to outsource part of our service or operations is likely to be of little concern to the customer; and blaming suppliers or third parties for failures is unlikely to get us much sympathy.

A typical example is where we outsource the physical delivery of goods to a courier, as illustrated in figure 2. Whilst internally we might consider the end point of the "Fulfil order" process to be "goods dispatched and loaded on to courier's van", the customer is likely to have a different view. They won't consider the process complete until they have received it, inspected it and are satisfied that it is correct. If we focus on solely optimizing the process up to the point the customer's order is dispatched, we may still be left with an outcome that the customer isn't happy with. Perhaps problems occur after dispatch. Although this isn't directly in our control (as we can't control the courier's process), we might consider whether we are putting sufficient focus into monitoring their effectiveness, and whether we need to get real-time updates as and when parcels are delivered. It's important that we consider these interfaces, and how we'll manage them.

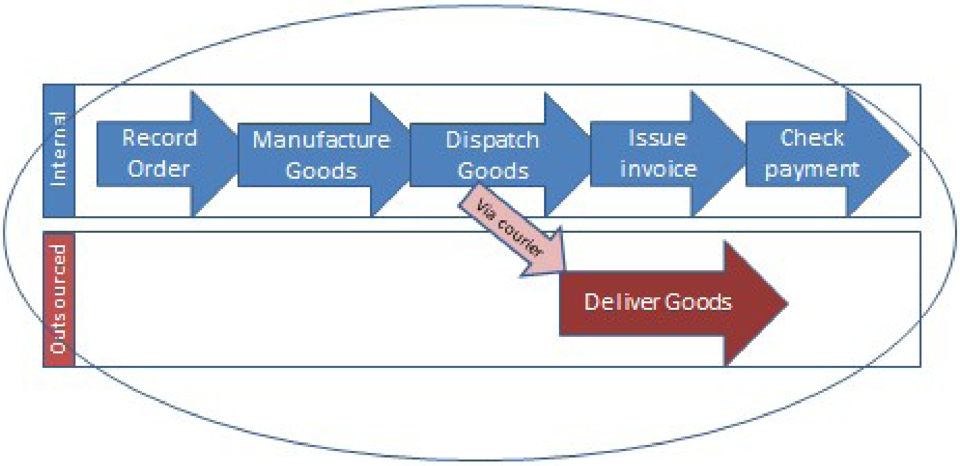

Figure 2: The customer will care about outsourced as well as internal tasks

By taking this external, outside-in view of the process, our horizons expand. This might lead to us considering additional quality measures to ensure that the customer's view of success is met (as well as our internal measures of success). A key question to keep in mind throughout is "What outcome or value is the customer trying to attain?" Understanding how our processes help them to achieve this is important.

Tip 4: Front-line insight is like gold-dust

Process improvement should be an inclusive activity involving the views and suggestions of a range of stakeholders. One important group of stakeholders is our staff on the front line. These are important stakeholders for a number of reasons, not least because they are often dealing with customers on a day-to-day basis. They often know the areas where the process is failing, and might have ideas for how it can be improved. They are also often the people closest to real individual customer insight. They deal with calls, complaints and comments from customers – so have a detailed understanding of what customers actually expect. They understand the demand that comes in from customers and help us to find waste and failure – plus they know whether the technology used to support the process helps or hinders.   This insight is like gold dust – it provides us with a richness of context on which we can base further research and recommendation. Even if we don't get comprehensive answers from front-line staff, we'll often start to understand what questions we need to ask or what data we need to gather. These questions might lead us to a wide range of improvement opportunities – covering the process, the data that is collected or involved, the technology that underpins the process, or perhaps even the organizational structure (or the people that are involved). In summary, front-line insight is key.

However, it's crucial to get a balanced view, and it can sometimes be the case that front-line staff are too close to the process to see the opportunity for major process changes. They may be experts in their tasks, and may have useful suggestions for incremental changes, but may not have visibility of the end-to-end process. However, for first-hand customer insight, speaking to front-line staff is a must. A domain expert with broader knowledge may be valuable here. Not only this, carrying out observation can be extremely useful to understand how things actually work – as I wrote in my previous Orbus White Paper "Observing the Process: How to see and document what happens on the ground".

Tip 5: Build a supportive culture where challenge is encouraged

Process improvement rarely needs to be a one-off activity. The business environment changes around us and customer expectations change over time. A process that met our needs (and the needs of our customers) one year ago might need further changes if it is to continue to be useful. We might need to make incremental changes to the process, we might need to re-visit the way we are measuring success or we might even need to tweak or change any underlying technology or automation.

It's therefore essential that we build a culture where people are empowered to ask wide-ranging and sometimes difficult questions. It might not be comfortable to be asked "Why do we do things this way?", but this might open the door for further improvement. We should encourage staff throughout the organization to stay engaged with process improvement opportunities and empower and encourage them to raise concerns and suggestions. We should encourage and value the views of new team members – rather than expecting them to 'fit the mould' and blindly accept the way we do things. We should continue to question, improve and focus on the value we deliver to the customer and to the business.

Tip 6: Clear communication of processes

Finally, for process improvement to succeed, it's important that those operating the processes and procedures are aware of any changes. Having a central repository of processes and procedures, using a common notation that is understandable by all stakeholders becomes crucial. This also ensures that you have a set of re-usable artefacts that can be considered and re-evaluated regularly as further improvement opportunities are sought.

Conclusion

Optimizing processes can create a win/win situation where better customer experience is delivered at a lower transactional cost. In order to maximize these opportunities, it's important to take a holistic view, considering the process from end-to-end. Ensuring that we consider the customer's viewpoint is extremely useful, and visualizing the process from the "outside in" can be extremely useful too. Finally, it's essential that process documentation is articulated in a standard and understandable way and is stored in a known shared location.

Further reading

Readers interested in the topics raised in this paper may find the following resources useful:

IIBA (2009) A guide to the Business Analysis Body of Knowledge® (BABOK® Guide) Version 2.0, IIBA, Toronto

Cadle, J et al (2010) Business Analysis Techniques: 72 Essential Tools for Success, BCS, Swindon

Goldrat, E & Cox, J (1984) The Goal, Gower, Hampshire

Seddon, J (2003) Freedom From Command & Control, Vanguard Press, Buckingham

Reed, A "Adrian Reed's Blog" [Online] http://www.adrianreed.co.uk

Reed, A (2013), Observing the Process: How to see and document what happens on the ground, Orbus, London

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