By Gabriel Lawson

Building a More Effective Company

Western Union, in order to save $25M to $50M dollars per year, posted a job offering for a VP position to *"Build and institutionalize a global, standardized and disciplined approach and methodology for the business to use in order to increase process and drive productivity".*

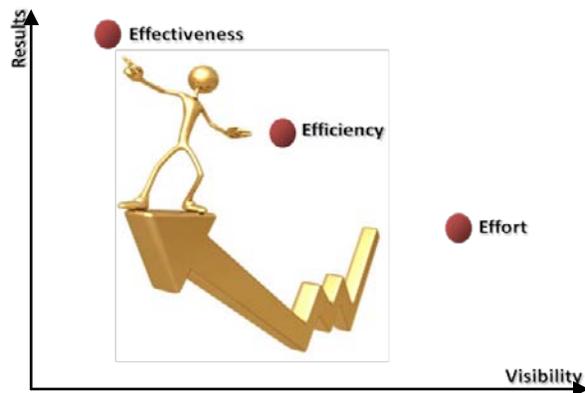### Is Improving Process the Key to Driving Productivity?

Deep in the heart of a jungle, a team of workers with machetes cut a path through heavy underbrush to create a new path to a fresh well of water. Organizing the team of six workers into two groups, the manager, Ashka, creates a process where three workers cut the underbrush while the other three workers sharpen machetes. As the machetes dull, the cutters rotate with the sharpeners to keep fresh bodies cutting with sharp machetes. Ashka's workers are a fine example of organizational process at its best. After about an hour, Henrik, the leader, decides to climb a tree to measure their progress. Climbing the tallest tree available, Henrik quickly shouts down to Ashka.

"Stop cutting—WRONG direction!

To which Ashka, the manager, quickly responds, "SHUT UP, can't you see we're making good progress here?"

Efficiency and Effectiveness: Understanding the Difference

Many organizations reward effort because it's the most visible. Efficiency and effectiveness get much better results, but they are harder to recognize. Real results come from a focus on efficiency (going faster & maintaining quality) and effectiveness (going in the right direction).

From the example of Ashka and his team, it is obvious that simply going faster isn't always the answer. You must also go in the right direction! We assume improving process (efficiency) increases productivity (effectiveness), but we can see this is not always true.

Efficiency vs Effectiveness: Which is Better?

A study in Fortune magazine showed that of 58 large companies that had announced the implementation of Six Sigma programs, 91% of those companies have failed to financially match the S&P 500 ever since. This does not mean Six Sigma is ineffective as a process improvement methodology. No, it simply means improving the efficiency of a company isn't enough; a

company must also learn how to be effective.

It is better to be *effective* (go in the right direction) than *efficient* (go fast). Moreover, common sense says it is better to be *effective and efficient* than just *effective*.

Here's a real-world example. I once inherited a customer service organization for a company that sold large software systems. The CEO consistently received complaints about customer service so he gave me the organization to fix. In our first meeting, the manager proudly explained how he had improved process, with the major focus on reducing the time to fix software fault found by customers. However, this process improvement had not reduced the number of irate customers. Refocusing the manager on the correct goal—make the customer happy—allowed him to realize that his goal of fixing bugs quickly, was not the right goal.

By putting himself in the position of the client, he realized it wasn't how quickly the problem was solved, but it was the relationship between the client and the customer service department that determined the customer's satisfaction level. Verified by 'voice of the customer' exercises, the group changed their process improvement efforts to focus on processes that kept the customer updated daily, conducting periodic customer service surveys, etc. that focused on building a

better relationship with the client. Angry calls to the CEO ceased, more clients became references, and sales increased. The lesson: first, make sure to go in the right direction, and then try to go faster.

The Smart Way to Improve Process and Create Efficiency

Choose the right methodology for process improvement.

There is more than one process improvement methodology—each with advantages and disadvantages. First, go in the right direction, then try going faster. Make sure to use the right methodology for each part of an organization.

The role of Six Sigma

Invented in 1981 by Motorola, Six Sigma's primary function is to identify and remove causes of defects, and to minimize variability in manufacturing and business processes. Central to its creation was the assumption of 'design once and build many times'.

The role of SEI's CMMI processes

Software development faces a different challenge. You design software once and—hopefully—you build it once. The Software Engineering Institute developed the Capability Maturity Model identifying the critical processes for the 'build once' model.

The role of PMP

Managing programs was completely different so the Program Management Institute developed

the Program Management Program (PMP) that guides Program Managers in running programs.

Picking the right methodology

Attribute the success of each methodology to its ability to point its user in the right direction. If you are building something (or doing something) many times, your key strategy should be how to eliminate defects in the building process. Building something once, like software, requires a different set of processes.

 The key is understanding that certain methodologies point you in the right direction for what you are trying to accomplish. CMMI should be used for software. PMP can be used for program management of all types, while Six Sigma can be used for manufacturing and a vast number of business processes.

No methodology is a panacea for all process improvement

For example, applying Six Sigma techniques to software development is risky. Why? Because Six Sigma doesn't know the right direction to go for the software development process. A major company known for its Six Sigma practices sent in a Master Black Belt to run a major software development effort for a contract. While the processes implemented were good, often excellent, the program was a huge failure. Why? Because the Master Black Belt knew how to implement process, but not necessarily the right processes to insure success for software. CMMI,

already identifies the correct processes to successfully build software. Use the right methodology for process improvement.

The Secret to Maximizing Productivity

Generally overlooked by current methodologies is a type of process that is fundumental to the successful adaptation of business processes.

Human processes—the foundation that supports our business processes

 Human processes are the foundation upon which business processes rests. The cultural behaviors of an organization— the human processes—dictates whether business processes are adopted. For example, in a finger pointing organization, planning & accountability processes are almost impossible to implement.

Human processes can Sabotage business processes.

Greg, a managing director, chews out an employee in front of a group of people. This human behavior doesn't just impact the employee; it also plays a major impact on the people who witness Greg's outburst. Greg's behavior—the human process of lashing out at employees in front of other employees— establishes a sense of fear in the employee, those witnessing the outburst, and those told of the outburst. The people learn to play it safe, not

take risks and avoid mistakes; but this comes at a cost. The organization wonders why Greg's employees lack innovation and creativity.

One company decided to create a 'sense of urgency' to improve productivity. A product met the target delivery date for the first time in ages. A celebration occurred. Months later, customers started losing their data—the product really wasn't ready to ship. With a sense of urgency, the company shipped a quick fix. The result: every customer who installed the fix immediately lost all data. The cost for the 'sense of urgency' human process implemented: $300 million dollars.

Proactively Manage Human Process

B.F. Skinner's theory of behaviorism is simple; people behave according to how they are rewarded. Reward innovation and innovation results. Reward finger pointing and finger pointing results. Reward effort and working hard results. Determine the desired behaviors and build those rewards into your infrastructure.

### *Why companies ignore human process?*

The answer is simple: they don't know how to manage it. We can identify and improve business processes, but not human processes. Identifying and improving human process requires a methodology similar to Six Sigma, CMMI, PMP, etc. Fortunately, we have one.

The Effectiveness Pyramid

Studies show that the highest IQ people outperform people of average intelligence only 20% of the time. People of average intelligence outperform people of the highest intelligence 70% of the time. If IQ isn't the critical factor in the highest performing employees, what is?

90% of high performing employees have a high emotional intelligence quotient (EQ) while almost all lower performers have low EQ. EQ isn't fixed like IQ. It can be developed to change lower performers into higher performers.

Here's how one company's focus on EQ related techniques improved their organization:
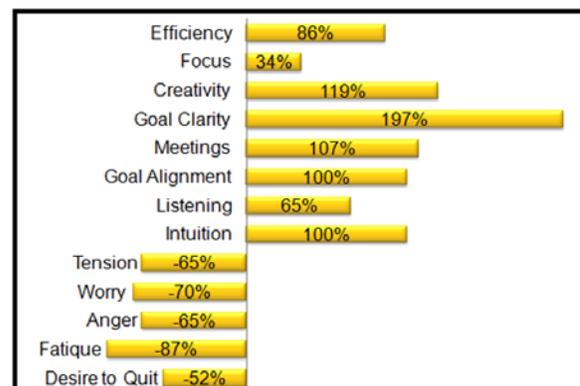
A methodology for Human Process

Motivational theories, leadership seminars, etc. don't address managing human process. The effectiveness pyramid, a five-step process based on the five fundamental elements of emotional intelligence, does address the management of human process. Its main purposes are to:

1) provide a disciplined approach to effectiveness (go in the right direction)

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2) and provide a framework for identifying and managing human process.

The Effectiveness Pyramid

Apply the five steps of the 'effectiveness pyramid' to everything you do! Clearly understand *what* you are trying to do, *how* you plan to do it, and *who* should be involved. Then *do* only those activities that map to your strategy and most importantly, *watch* what happens and make modifications when necessary.

Apply the 'effectiveness pyramid' to any activity, not just modifying the behaviors of an organization. Follow them to start seeing the benefits of *doing less and accomplishing more!*

Steps to Effectiveness

Step 1: Select the right improvement process methodology

Understand there are different methodologies for different parts of your company. No current process improvement methodology fits every situation.

Step 2: Recognize the difference between effectiveness and efficiency.

A focus on efficiency is not enough. Going in the right direction—being effective—brings the most bang for your buck. Learn the effectiveness pyramid!

Step 3: Start fixing your human processes

Human processes are your foundation. They can impact profits more than your business processes and they are the foundation of your business processes.

Step 4: Increase your organization's Emotional Intelligence.

Emotional Intelligence can be learned and matured. It is the single biggest discriminator for success and high performance. Don't ignore it!

Step 5: Create an effectiveness initiative and drive it throughout the organization.

Want a more *efficient* and *effective* organization? Then make it important! Require every individual to put effort into becoming more efficient or effective. Make it a goal. Make it part of their review. Make it a part of their compensation. Expect it and reward it. Envision the productivity gains if *everyone works at being more efficient and effective.*

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