

# Processes – The other Half of your Success

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# People

- Good people can overcome poor processes but;
  - They become frustrated
  - They get angry
  - They quit
- Putting good people in poor processes is the quickest way to create 'bad' people.

# What is a Process

- A process is a set of actions (steps), each of which must be accomplished in the proper way, in the proper sequence, and at the proper time to create value for some customer.

# Types of Processes

- Those that serve external customers – the client – are called primary processes and create value.
- Those that serve the internal customer – someone else in the process – are support processes and raise costs.

# Perfect Processes

The actions in the process are satisfying for people to perform, managers to manage, and customers to experience:

- No fatalities.
- No injuries or pain.
- No boredom.
- No humiliation.
- A sense of providing and receiving a valuable good or service.
- A sense of personal fulfillment & accomplishment.

# What about imperfect Processes?

- They absorb \$ from your bottom line.
- This money cannot be measured by your profit & loss statement.
- When corrected, that money falls straight to the bottom line.
- Processes are usually over 95% waste!

# Waste – What is that?

- Most firms use seven categories of waste:
- overproduction,
- waiting,
- conveyance,
- processing,
- inventory,
- motion,
- & correction.

# Process Flow

- Most organizations are organized in a vertical manner. *Vis-à-vis* Principal – Office administrator – Dept. mgr. – worker.
- Yet, processes generally flow in a horizontal fashion. From initial contact with the client across departments to other firms, perhaps to court then to a conclusion and back to the client.

# Process Flow, cont.

- Organizations tend to measure functional performance in terms of asset utilization (people, machines, buildings) and other metrics that may be inconsistent with a perfect process.

# Process Control

Q – Who is in charge of a given process?

A – Usually no one!

Q – How does it get better?

A – Generally it does not!

Q – Is it always done the same way by everyone who does it?

A – NO!

# How are Processes created?

- They are usually a quick answer to an immediate problem.
- Usually little time is given to thinking them through.
- Or, they may have been put into place when you had three employees and worked well. Now with far more staff they do not work as well.

# Exercise

- Let's use brushing our teeth as an example of a process.
- Make a numbered list of what you did this morning to brush your teeth.
- Do you need a different process if you have false teeth?

# How Do I Improve My Firm?

- All value is the result of a process (which we often call a “value stream”.)
- Create horizontal value streams rather than vertical departments.
- A manager’s focus should be on an organization’s value-creating processes, rather than the organization itself and the utilization of its assets.

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