bdc*

Optimize Your Business Processes

A Guide for Entrepreneurs

Summary

1

Map your business processes

Processes are a series of linked activities whose ultimate goal is to deliver a product or service to your customers. They are often full of waste and inefficiency that cost your business money. The first step to optimizing your processes is to map them out so you can see where waste is hiding.

2

Improve the way you work

Once you've mapped your processes you can get started on improving them. Prepare by coming to a consensus on the current situation. Then, brainstorm on how to make it better. Take action with an implementation plan that has objectives and timelines. Make sure to measure your progress and be ready to adjust.

3

Get your team involved

The involvement of your employees is essential to creating lasting change. They know your processes better than anyone. Let them take the lead in finding waste and proposing improvements. You can do your part by providing supportive leadership that builds trust and confidence in the team.

What is a business process?

Providing customer value is the essential goal of business processes

A business process is a collection of related activities or tasks whose ultimate objective is to produce a product or service for a customer. A process transforms physical, digital and human resources into value for your customers.

There are three kinds of processes.

➔ **Operational processes**—Core business activities to produce a product or service, e.g. taking customer orders, manufacturing a component

➔ **Management processes**—Overseeing operations, e.g. supervising employees, budgeting

➔ **Support processes**—Activities that underpin operational processes, e.g. accounting, technical support

Good processes produce good results

Suppliers
Internal/External

Input

Transformation activities

Output

Clients
Internal/External

Why do processes need to be improved?

Inefficiency has many causes and builds up over time.

Processes are typically created without much conscious planning. This leads to informal, undocumented activities that are often wasteful, adding cost and complexity without creating value for your customers.

Here are some of the reasons why processes regularly need to be optimized.

New tools
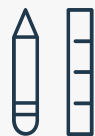Tools have been introduced into the workplace, but processes haven't been optimized.

Lack of standardization
Every worker has a different way of doing jobs.

Geographic dispersion
Every location has a different way of doing things.

Inadequate monitoring
Process performance is not monitored (only results—the outcomes of processes).

Lack of focus
Process improvement is seen as a necessary evil. No focus on continuous improvement.

More cost and complexity

It's easy to add complexity, but it takes a client-centric perspective to remove steps without compromising the client experience.
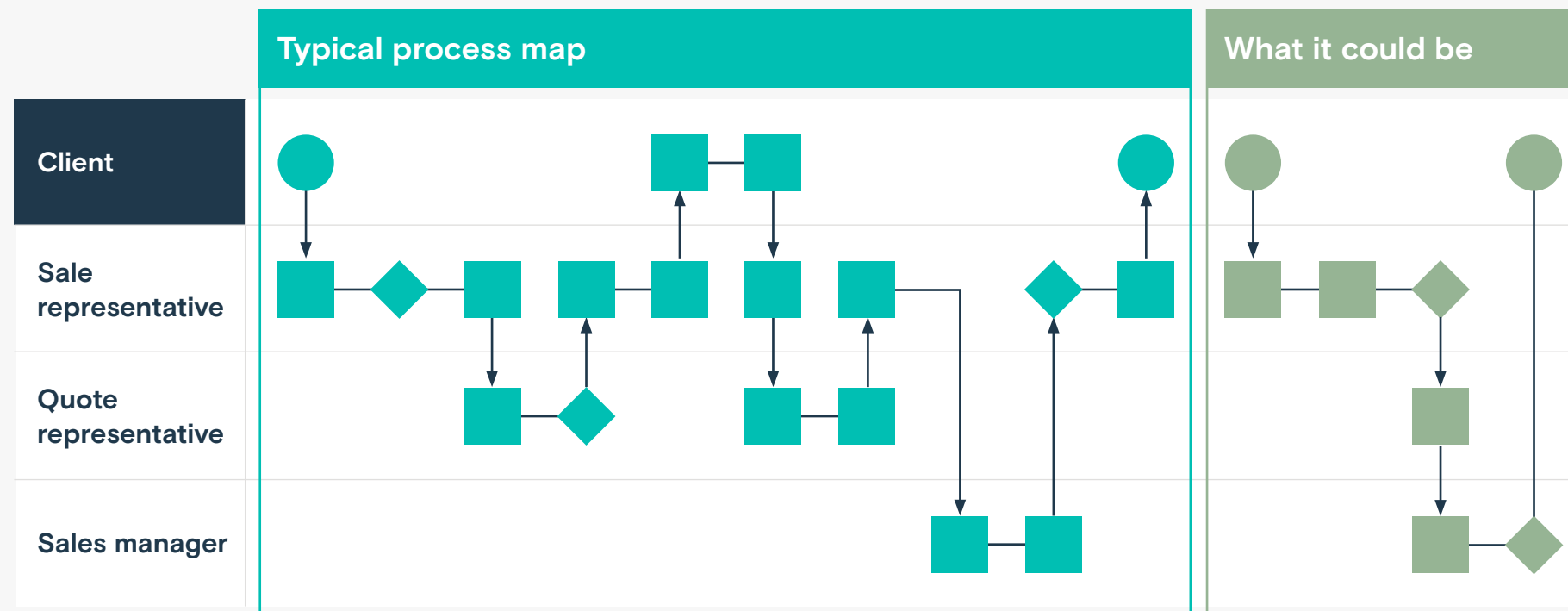
How to map your processes

Process mapping is a great tool to improve efficiency, regardless of what industry you operate in. The goal is to make every step in a process visual so you can understand how it really works, rather than how you think it works. Seeing processes helps your team come to a shared understanding of the current situation, identify sources of waste and work on improvements.

Here are the steps to create a process map.

1. Decide what you want to map.

2. Gather information about how the process works from the people who do the work.

3. Draw your map indicating each step.

> **" We should work on our process, not the outcome of our processes."**
>
> **— W. Edwards Deming,** renowned management expert

Your map should show all interdependencies, bottlenecks and decision points throughout the process.

Go deeper
into your processes

Ask open-ended questions to discover how processes actually work

People often underestimate the number of steps it takes to do a specific task because they do it routinely. When you break down even seemingly simple tasks, you will find they involve numerous steps. That's why it's essential to dig deep into how processes are done to uncover waste and inefficiency. An experienced outside expert is often well positioned to ask all the questions that will give you a clear view of your actual processes.

Questions to ask about your processes

➜ What happens first?

➜ Then what happens?

➜ Is that always what happens? Are there circumstances where it doesn't?

➜ What tools do you use?

➜ Does anything happen in parallel?

➜ Is this step already being done somewhere else?

➜ When do decisions have to be made?

➜ Should anything else happen now?

➜ Are there additional inputs or outputs associated with this step?

The five whys approach

As you analyze your processes, you will come across problems that have led to workarounds and other inefficiencies. It's important to get to the root cause of these problems to solve them once and for all. A good way to do this is to ask why a problem exists at least five times.

For example, if protective strips are coming off a machine, you would ask the following:

Q. Why are the strips coming off?
A. There isn't enough glue.

Q. Why isn't there enough glue?
A. The gluing equipment isn't working well.

Q. Why isn't the gluing equipment working well?
A. The glue reservoir is blocked.

And so on for at least five whys.

Take action to optimize your processes

Remove waste and maximize value-added activities

When you've broken down your processes into their constituent steps, you will start to see those that add value and those that are waste. Which ones can you eliminate or change? Is there a better, more efficient way to organize the process?

" Continuous improvement is better than delayed perfection."

— Mark Twain

Conditions for a successful process improvement project.

1. A multi-disciplinary team, including personnel that will be impacted by the process changes.

2. A clear project mandate, encompassing scope and measurable objectives.

3. Management commitment, support and involvement.

4. A structured approach to measuring progress and ensuring change is sustained.

Plan

Do

Act

Check

A simple method for process improvements

Plan. Think ahead and try to predict the results.

Do. Execute the plan, taking small steps in a controlled environment.

Act. Take action to standardize and improve the process

Check. Collect data, comparing to expected results.

Prepare, implement, measure

Use a checklist to guide your efforts

The plan-do-check-act methodology provides a conceptual framework for your optimization projects. Here is a checklist of the steps to take to put it into action. Notice the importance of careful preparation and team consensus.

Your process optimization checklist

Choose project and select team ☐

Reach consensus on project with all team members ☐

Collect data (process mapping) ☐

Organize data ☐

Reach consensus on the current state ☐

Agree on specific improvement objectives ☐

Brainstorm new process design ☐

Simulate new process and reach consensus on new process ☐

Reach consensus on implementation action plan; select KPIs and targets ☐

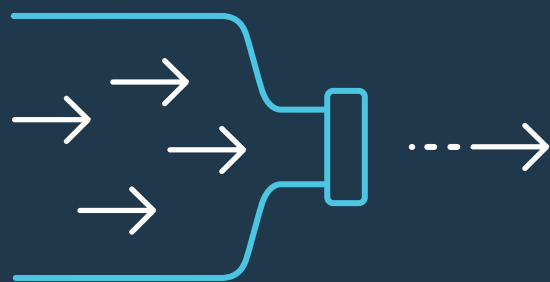Implement new process and measure improvement toward targets ☐

Tips on your implementation plan

① Your implementation plan should include the specific actions you are going to take, who will be responsible for them, targets and by when they should be completed. You can track your progress using a performance dashboard.

② Based on the action plan, you may need to train your employees on new processes, and then monitor their performance.

③ As you see improvements, update your process map to show the current state of the process.

❝ **Failing to prepare is preparing to fail.**❞

— **Benjamin Franklin**

Solving production bottlenecks

→ A bottleneck is the step in a process with the smallest capacity

→ Producing more outside the bottleneck creates work in progress

| Work in progress | = | Extra resource requirements | + | More time for delivery |

3 tips to deal with bottlenecks

① **Identify where the bottleneck is happening**
Start by identifying the bottleneck, and then take time to pin down the true cause. There can be many reasons for productivity slowdowns at the bottleneck, such as: downtime, change overs and employee scheduling.

② **Measure and track the bottleneck**
By collecting data about the bottleneck, you can break down the frequency and significance of each incidence of slowed production. Maybe two hours of stoppage is related to scheduled breaks, another two comes from routine maintenance and four hours across the week comes from the operator having to stop to wait for materials. An improvement at the bottleneck is an improvement to the entire process since the bottleneck controls the entire delivery time.

③ **Involve your people**
Your team likely know their processes inside out. By sharing the data you've gathered and engaging them in finding solutions you not only get the benefit of their good ideas, but you also build buy-in for change.

Get your team involved

The essential ingredient:
Your people

Their buy-in is the key to lasting change

Encourage your team to take the lead in determining how processes can be made better. By encouraging their involvement, you can sustain real, continuous improvement in your business.

Here's how to build a motivated, engaged team.

→ **Give them decision-making power**
Allow employees to develop leadership skills. This will foster trust and encourage them to propose ideas and solutions.

→ **Communicate often and effectively**
Don't just send emails. Get out there and talk to your team. Share your vision and goals. Radiate a positive attitude.

→ **Support and coach them**
Coach your employees in acquiring new skills and confidence. This will foster commitment and encourage them to take more responsibility.

→ **Make recognition routine**
Start your meetings by recognizing employees who have gone above and beyond. You can also launch a monthly award program in line with objectives.

→ **Offer flexibility**
Flexible schedules reduce employee stress by promoting work–life balance, allowing them to meet family needs and personal obligations.

→ **Be human**
Say thanks more often. Never underestimate the value of telling someone they've done a good job. Take time to get to know team members and celebrate wins.

Get your team involved

3 steps to create a culture of change

1

Create a climate for change

Create a sense of urgency
To spur the organization out of its natural inertia, it's important you relay a sense of urgency that encourages change.

Build a change leadership team
Build a team of effective change leaders from across your company to build momentum around the need for change.

Establish a vision for change
It's not enough to have ideas and solutions floating around. You need to establish a clear vision that people can easily understand and remember.

2

Engage the entire team

Communicate your vision
Employees who are the most affected by change often have less information and time to adapt. Take time to inform them of coming changes and explain how it benefits them.

Remove obstacles
Train your employees so they are able to adapt to new ways of doing things. Try to comfort employees who fear uncertainty or dislike leaving their comfort zone. Reward people who buy into the new way of doing things.

Create short-term wins
Nothing motivates more than success. So create short-term targets that can build momentum for change.

3

Make it a core part of the business

Build on change
Many change projects fail because victory is declared too early. Real change runs deep. Quick wins are only the beginning of what needs to be done. You can improve a process, but improving 10 of them will mean the new way of working is taking hold.

Make it stick
Your corporate culture often determines what gets done, so the values behind your vision must show in day-to-day work. Continuous improvement needs to become a core part of your organization.

Transforming your company culture

BDC is here to help.

We provide business loans and advice to help entrepreneurs build more efficient, profitable and competitive companies.

> Discover our **operational efficiency solutions for entrepreneurs.**

> Find out how we can **help with financing.**

> Learn more about the **fundamentals of operational efficiency.**

bdc

**financing.
advising.
smarts.**

**For more information,
contact us or visit your nearest
BDC Business Centre.**

1-888-INFO-BDC (1-888-463-6232)
info@bdc.ca
bdc.ca