



ERIC YOUNG
ASSOCIATES®

Efficiency, Growth & Performance Management



- Customer Service
- Inside Sales
- Back Office

GROWTH & EFFICIENCY CONSULTANTS

LEAN for Back Office & Service Operations

THE 8 WASTES

Pinpointing the non-value added activities

Companies spend millions of dollars on technology to automate, report and manage all aspects of telephone communications within contact centers yet operations assessments repeatedly reveal that phone reps can spend upwards of 60% of their time off of the phones doing other back office work; in their own way and time. There are no controls, standards or measures for this work and it is always the source of significant waste.

This led us to begin looking at other back office departments such as billing, complaints, legal, claims etc. and we arrived at the very same conclusion.

Back Office Departments Are Untapped Sources For Efficiency Gains

In fact, out of 11 Contact Center efficiency Audits, not even one company questioned non-phone work or activity occurring in their Back Office departments.

Learn to Spot the Symptoms?

Muda (Waste) • Mura (Unevenness) • Muri (Overburden)

- Redundant work & multiple hand-offs
- Time consuming procedures
- Repeated backlogs
- Overtime pay
- Lost work
- Skilled resources doing unskilled work
- No measures or targets
- Customer Complaints & status checks
- Back Office work directly affects the quality of service provided

A NEW WAY OF THINKING

Back office work has always been viewed as intangible and limited in how it can be managed. Backlog situations for example, are typically just accepted along with the obvious solution of adding more resources when required. Moreover, it is assumed that it can't be managed the way one manages phone calls in a contact centre because it isn't standard and there is no way of measuring it.

Why not? Anything can be measured and once you have established some/any form of measures, then new possibilities that you have never imagined begin to open up. All of a sudden you gain the ability to...

- Manage
- Understand the costs for every activity and transaction. This will give you the ability to quantify the benefit of proposed changes
- Establish standards for production, quality, cycle time etc.
- Establish individual and team targets
- Make people accountable

WASTE ANNOYS CUSTOMERS AND EATS INTO YOUR MARGINS

Learning how to recognize waste is only half of the battle. One must also change their behaviour to look at an activity and figure out how it can be measured. This must become habitual and automatic. Once you learn to do that, you'll never look at your business the same way again. No matter how good you are at what you do, chances are that you will be able to identify some of Lean's classic wastes in your business or department.

Just Imagine...

- ✓ Eliminating backlog situations
- ✓ Clearing conflicts sooner
- ✓ Shorter cycle times
- ✓ Consistency
- ✓ Introducing a new quality standard
- ✓ Predictable production
- ✓ Meeting customer demands for less money yet maintaining or even increasing margins!

It Can Happen!

These are all natural outcomes of identifying waste, applying measures and creating data-driven re-engineering process improvements.



Eliminating waste is a critical starting point for gaining the ability to do more with less...

Non-Value Added Work • Inappropriate resourcing to tasks • No measures

Voice of the Customer is what defines value.

- ✓ Create value by defining the process from a customer's perspective



More Guiding Principles:

1. Ensure that your services "flows" to the customer without interruption, detour or waiting.
2. Create a Value Stream map of the entire set of activities across the organization
3. Pull – Produce only what the customer wants when they want it

The Types of Waste

Waste is an activity that adds no value. There are 8 types of waste; over-production, defects, waiting, under-utilized skills, transportation, inventory, motion and over-processing. Although lean concepts originated in manufacturing it isn't difficult to adapt them to service operations. Here are some concrete examples of what to look for in your business or department. Start eliminating the obvious sources of waste and you'll see immediate results.

1. **Over-Production** = Doing more than what's required, sooner or faster

EXAMPLES:

- Information sent automatically even when not required
- Keeping paper & electronic copies
- Printing documents before they are required
- Excessive emails, copies, communications
- Processing items before they are required by the next person in the process
- Researching/investigating a matter already done in another situation

2. **Over Processing** = Processing more than required wherein a simple approach would have done (Don't give them a Rolls Royce when all they need is a Chevy).

EXAMPLES:

- Too much paperwork for a mortgage loan
- Same info required in many places on an application form
- Follow-ups and costs associated with coordination
- Unnecessary research
- Extra work to mitigate unlikely risk
- Over-staffing
- Double/triple checking work
- Too many approvals
- Multiple MIS reports



Spotting Waste is Easy

If it doesn't add value, then it's waste. If you can eliminate it the results will be both immediate and significant.

3. **Defects** = Errors, mistakes and rework

EXAMPLES:

- Rejections in sourcing applications
- Filing mistakes
- Wrong entries/codes, client # etc.
- Data entry errors
- Incomplete or unclear instructions causing re-work
- Incomplete forms/work that delay output
- Incorrect data entry
- Incorrect name printed on a credit card
- Partial data collection
- Incorrect or partial information provided

4. **Inventory** = For non-manufacturing this translates to excess "work-in-progress"

EXAMPLES:

- Files and documents awaiting to be processed
- Documents awaiting signature(s)
- Unanswered emails/voicemails
- Unworked customer matters
- Excess promotional material sent to the market
- Overstocked medicines in a hospital
- More servers than required

5. **Transportation** = Movement of items more than required resulting in wasted efforts and energy and adding to cost

EXAMPLES:

- Movement of files/documents from one location to another
- Unnecessary movement of equipment or files
- Using a courier service instead of email or regular mail
- Poor routing of internal mail
- Excessive e-mail attachments
- Multiple hand-offs

A Balanced Approach?

Successful Lean transformations recognize and protect unique attributes and the very essence of what sets your service apart.



Never lose your ability to:

- ✓ Customize work for client files
- ✓ Prepare for uncertainties
- ✓ Respect your resources/people
- ✓ Cope with Variability
- ✓ Be strategic

Maximize Efficiencies & Drive Out Waste

Map your processes from end-to-end to capture a holistic picture.

6. **Waiting** = Keeping employees and customers waiting.
EXAMPLES:
 - Customers waiting to be served by a contact center
 - Queue in a grocery store
 - Waiting for a colleague to show up for a meeting
 - Time lost waiting for a machine to warm up or process
 - Interruptions & time to "get back into it"
 - Patients waiting for a doctor at a clinic
 - System downtime
7. **Motion** = Movement of people that does not add value
EXAMPLES:
 - Looking for data and information
 - Locating people for meetings or approvals
 - Searching for a file
 - Maneuvering through a poor office layout
 - Poorly organized computer hard drive
 - Movement of people to and from filing, fax and copy machines
8. **Under-Utilized Skills** = Employees not leveraged to their own potential
EXAMPLES:
 - Limited authority and responsibility
 - Managers common
 - Person put on a wrong job
 - Over qualified personnel working on inappropriate tasks

It's not the hours you put
in your work that counts,
**it's the work you put
in the hours**

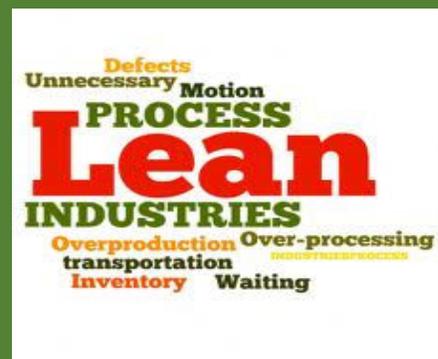
Sam Ewing



Reduce Touch Points

Focus on waiting and touch points and assess if it adds value or is it redundant?

- How many touch points?
- How many steps?
- Can/Should you charge for them?



Opportunity Areas

- | | |
|------------------------|----------------------|
| ✓ Procurement | ✓ Re-work |
| ✓ Quality process | ✓ existing material |
| ✓ Cross training | ✓ Systems admin |
| ✓ Employee involvement | ✓ Post-sales support |

Lean ≠ Six Sigma

While both Lean and Six Sigma are efficiency driven, their approaches are very different.

Lean



- Improves process speed
- Rapid improvement
- Eliminates 8 critical wastes
- Emphasis on the Mean
 - Cycle time
 - Excess inventory
 - Response time

Use when streamlining processes and reducing process waste.

- ✓ You already have high quality output
- ✓ Operations are not efficient/slow

Six Sigma



- Quality system focused on error reduction (as opposed to cycle time)
- Data driven
- Focused on eliminating variation within process
- Emphasis on decreasing defects
 - Increasing process yield & capability

Used when process metrics are difficult to collect or understand. Analysis of multiple input factors are required.

- ✓ Quality is a primary concern
- ✓ Efficient operations but high # of customer

Same Result, Different Paths

Objectives:

- Higher Quality
- Lower Cost
- Cultural Change
- Dashboard Results

Straightforward Approach

When approaching a lean project, we recommend identifying core activities and then answering the following questions for each.

1. How much work is coming in?
2. How many people do you have?
3. How long does each sub-activity take to complete?

With this information you will be well on your way to exposing waste, quantifying, benchmarking and brainstorming a more efficient future state.

Final Thoughts

Lean is more than a set of techniques. It is a way of thinking about how work should be done to deliver value for customers. To be sustainable therefore, it needs to be applied throughout the entire organization and integrated into a culture of continuous improvement.

Core Guiding Principle

Our approach to generating sustainable revenue or efficiency improvements is premised on one simple expression:

You can't manage what you don't measure.

This, combined with disciplined process design techniques such as Lean management & Six Sigma enable one to build solid operational foundations for...

1. Creating "Cultures of Accountability"
2. Performance Management & Sustainable Improvement

CONTACT US:

ERIC YOUNG ASSOCIATES®

(A Division of Tele-Centre Assist Inc.)

www.ericyoungassociates.com

Info@ericyoungassociates.com

(416) 498-9440



Eric Young has been providing support services to Contact Centers & Back Office departments since 1986. He offers an extensive network of Subject Matter Expertise for contact center operations & technology, six sigma, project management and business analysis.

He is best known for his unique promise of delivering 200% ROI where ever he goes.

Eric Young,
(B.Comm., B.A., MBB, CSSBB, CSSGB, LMC)
eric@ericyoungassociates.com