



## ***Processes and Improvement***

As most of you will know, the 2000 standard stresses processes rather than procedures. This does not mean that you need to rewrite your procedures manual completely. What it does mean is that you need to think about what processes you have.

A typical company will have several processes many of which can be broken down into sub processes.

### **For example, a sales process may consist of:**

- Enquiry
- Site visit
- Outline design work
- Obtaining quotes from suppliers and subcontractors
- Estimating
- Quotation
- Order receipt and review
- Handling changes

### **Typical processes might be:**

- Management and Planning
- Sales
- Purchasing
- Design
- Manufacture / Operations / General Delivery of Service
- Inspection and Test
- Installation
- Stock Control
- Servicing

### ***Why does the standard go on about processes?***

First they want you to think about what you do and how you do it and second they want you to think about how each process could be improved.

Apologies to those of our customers who have heard this one but they believe that the biggest room in every company is the room for improvement!

Their view is that every company should constantly be looking at what they do and trying to improve it. They also believe that you can only improve many things if you can measure it. That's why they talk about setting internal objectives for improvement at Management Reviews and measuring their success.

### ***So what could we typically measure?***

Lets look at some examples.

#### **Management and Planning**

What financial measures do we use? Sales, Costs, Gross and Net Profit, Debtors, Stock Turns, Bad Debts, etc. are there any more we could use?

What do we schedule installation, production, service work, training?



Do we plan resources based on our sales forecast? Do we do a sales forecast? If so how inaccurate is it?

## **Sales**

Are we dependent on one major customer? What percentage of turnover?  
How many customers do we have active? (orders in the last 12 months?)  
How many quotes do we send out and how many do we win?  
How many do we lose and why?  
What is the average lead time between quote and winning an order?  
How much does it cost to prepare a quote?  
Do we need new products to appeal to the market?  
How many of our products are delivered on time and how many are late?

## **Purchasing**

How many suppliers do we have?  
Is it too many? Would we be better having less but working closely with them?  
What suppliers are causing us problems with late deliveries?  
What sub contractors are performing unsatisfactorily?

## **Design**

Design is hard to measure but some companies are specifically design houses so what might they measure?  
Was the design completed in the allocated time?  
How many hours / days did we budget and how much did it take?  
How many changes were there which were avoidable?  
How much do we charge customers for changes in design caused by them?  
If customers make changes do we revise the delivery time?

## **Manufacturing**

What is our throughput time and could it be reduced?  
Could we improve with more automation?  
How much do we spend on set up time which is non productive. Could we make in larger batches?  
Should we make for stock (at least to sub assembly stage) when orders are short?  
How many orders are produced on time and how many are late?  
What rejects and scrap do we get and why? What can we do to reduce them?

## **Installation**

Do we complete jobs on time and on budget. If not is it due to poor work, poor supervision or poor estimating. Whichever its costing us profit.  
Are snagging list faults always recurring and what could we do to eliminate their causes?  
Service  
Do we schedule visits and if so how many are done on time and how many late?  
Do we offer response guarantees? If so are we meeting them? If not why) If we are could we be more attractive and win more business by giving an even better guarantee for more money?  
How often do we need to revisit a site as we could not complete the work?  
Is it because we had the wrong parts, did not understand the nature of the problem enough?  
Could we revise the standard parts held in service vans?



## **Stock**

How many times do customers want to buy stock that we do not have? How much business is therefore lost?

How often do review our ROQ and ROLs?

Are our stock figures accurate? If not how can we make them better?

How many stock items have not moved for 12 months? Do we still need them?

What is our average stock turn (stock value compared with turnover)?

Obviously not all these questions are relevant to all companies and if you tried to measure them all you would never get any work done. So which could be easily measured and which are relevant to the success of your business?

The assessors are looking for you to plan at least one measure for each process but probably will not expect that overnight. If you measure some things and plan to measure others they will accept that you have an improvement plan. Clearly therefore you then need to show that having measured some areas you have reviewed the statistics, taken some improvement actions and that the actions have improved the activity. Do not bite off more than you can chew at the first instance.

If you can think of other useful areas to measure and would like to share your ideas, please post them on our web site on the Bulletin Board accessed through our site

<http://www.activa-uk.com/home.htm>

and click on Business Community which is available at:

<http://www.b2g2.com/boards/board.cgi?&user=dmurfet>