Productivity Through Organizational Design
or

Designing your organization to support the way work really gets done. You'll be amazed by the impact you have on productivity and customer service. Read further to see how!

At the conclusion of a company-wide ERP project, the challenge put before me was to develop an alternative to what we were doing so we could take advantage of the new tools. The specific focus was to improve Customer Service.

Michael Hammer, Computer Science professor at MIT, coined the term "Process Centred Design" for a type of business improvement that viewed a business as a collection of sub-processes that had high internal integration and low between-process integration. Think of a set of islands connected by bridges. Work is done on the islands and communication flows over the bridges. Think of processes like islands and the links between processes as bridges. These "islands" need to be connected because it is the collection of tasks across all islands that make up the total business. Hammer suggested that the best way to improve a total business was to identify islands of activity and focus on their optimization. You can design organizations so that you minimize the number of bridges between islands. These bridges are where the business process failures occur. Minimizing the number of them and the traffic across them is essential to a successful business.

Back to the post-ERP improvement project:

The customer service people had been organized by business not by their function. The businesses were operating under a model called Single Integrated Business. They were separated physically across multiple sites. Each business had a complete set of functions - Finance, Accounting, Customer Service, etc. Each CSR group was small and each person in each group was responsible for all the tasks within the scope of their function. Typically, they performed each task infrequently. They were forgetting how to do many of these less common steps and not enjoying some or most of them. BUT, this is how it was. They had been told this was the "best" organizing model.

The approach we used was to take this concept of "Process Centred Design" and apply it to Customer Service.

We conducted a one-month industrial engineering exercise where CSRs in each business kept a careful log of what they did each hour of each day.

In parallel, we did a deep dive into the transactional data to assess the transactional error rates.

We then got everyone together, from all businesses, and discussed the data.

Here is the summary:

We found that while there were dozens of descriptions of what people founds themselves doing, we were able to boil it down to four broad categories of work, the "islands":

• Helping Customers
• Collecting on Invoices

- Inventory Planning and,
- Process Improvement.

During the discussions, we found that each CSR had an affinity for and an aptitude for one of the four roles. We also learned that each person was being pulled into work they didn't like or were not good at.

The transactional accuracy was discussed as was the work involved in correcting mistakes.

We also found that there were CSRs from multiple businesses dealing with the same customer.

Long story short:

We brought the teams together under one umbrella and treated the businesses as clients. We introduced a fee schedule for various activities that was designed to encourage cost effective choices by the client businesses.

We re-organized the work into the four sub-roles and asked each person to select their preferred role. Everyone got their first choice as it turned out.

We then segmented the customer base into Industry groups and organized the CSRs into Industry Teams where it was now likely that a CSR would be able to handle all the needs of a single customer irrespective of how many different business's products were involved. By being organized this way - communication became line of sight vs. telephone and e-mail.

We focused on re-training to a common understanding of best practice, to recover our skills.

We created a prioritized bucket list of improvements that would enhance everyone's work life.

The result exceeded all expectations. We believed we would be able to improve our productivity substantially but were stunned to discover than in our first year alone we improved 31% - more than we promised and a year ahead of the promised delivery of the improvements.

The moral of the story: Being open to creating an organizational model that was mapped to how the work was naturally happening improved the customer experience and reduced costly errors that hurt both the company and our customers.

Want help doing the same? Contact us at INFO@SIGMADONESIMPLY.COM