The process of improvement by elimination

Sometimes the best way to do a job better is to stop doing it altogether. Most improvement efforts don’t consider this radical yet very practical possibility, even though the new operating model mandate they receive from senior leadership is often one that demands “radical simplification.” What follows is a look at how this process of elimination works: how such elimination can help business process owners take their operations to the next level and how a strongly applied understanding of the concept can help foster a more effective culture of continuous improvement.
The process of “improvement by elimination” begins by asking a basic question: “Rather than try to perform the task at hand more efficiently, can we find a way to effectively eliminate our need to do the task at all?”

In further assessing an activity’s eliminative potential, it helps to consider three follow-up questions: Was the task ever really necessary, or were others just misled into thinking it was? Was the work once necessary, but now no longer essential for improving key performance and impacting crucial outcomes? Is the job still essential to performance effectiveness and outcomes but an activity that could be made non-essential by changing the underlying reasons for its criticality?

In other words, should the work be viewed as something that Once was important, Never was really important, or Could someday be made no longer important?

Be warned: Each of these three faces of “eliminative opportunity” has a way of hiding in plain sight, a way of offering nothing obvious to suggest that it deserves much scrutiny.

Take, for example, the labor-intensive activity of manually reviewing invoices. On balance, this important if tedious task is essential so that a company doesn’t end up overpaying or paying sooner than required. However, conditions can be created where such reviews need not be done, or at least needn’t be done nearly as frequently as they are today.

Imagine, for example, a company agrees to pay certain suppliers a fixed rate based on receiving a set number of goods on a set schedule. In that situation, the ability to make proper and timely payment is no longer contingent on a manual review of invoices. Instead, the company can establish a standard operating procedure (SOP) in which the firm remits the agreed amount at the agreed time only after confirming a match between the items received and those listed on the purchase.

Those trying to develop a knack for spotting eliminative opportunities would also be wise to consider the unexpected negative impact that technology can have.

Take the fact that a software app can now be quickly crafted to address almost any pressing need. Off-the-shelf IT solutions can, in actuality, make it a little too easy for middle managers to apply a digital quick fix to a challenge in their immediate work area without ever giving much thought to the impact that solution will have on the bigger enterprise performance picture.

Under these circumstances, businesses can (and often do) end up actively managing specific work steps to optimal efficiency while passively tending to the end-to-end stream of activities with nominal effectiveness. Altering this dynamic means asking questions others aren’t because they are too focused on their corner of the managerial world. Questions like, “Why does our company insist on programming software to spit out scores of daily financial reports when it is clear there won’t ever be enough time or qualified personnel available to read them all in a day?”

The sharpest eliminative minds will go a step further by wondering: “What if just a fraction of the money now budgeted for automating all these reports was instead used to assess their relevance, and then to trim their number by, say, 20 percent?”

Eliminative thinkers must also be mindful to consider how complexity—both procedural and technical—can threaten the effective pursuit of eliminating work.

It would be foolish to suggest that complexity, in and of itself, is the enemy. It is just as foolish, however, to think greater process and technological “sophistication” instantly translates into better business performance. Yet the latter brand of flawed logic manages to seduce many CIOs to the tune of millions of dollars annually in
wasted IT spending. Truth be told, CXOs of almost every stripe routinely succumb to the allure of the “bewitchingly intricate” fix and the dazzling pitches made by the “smartest guys in the room” who like to peddle such solutions.

The more moving parts in a proposed process improvement or technology fix, the greater the chance that when one little thing goes wrong it will quickly cascade into an avalanche of interrelated problems. The key in managing process and technical complexity is to “eliminate before you automate.” Otherwise, you are merely hardwiring a level of needless convolution and potential process dysfunction into the company’s IT platform and operating model.

**Unfortunately, when solutions are driven by automation or geographic arbitrage, managers often use the wrong metrics to quantify success.**

Measurement ends up being done against things like the amount of money saved short term or by how much productivity is increased over time. Thus, handling more customer or supplier calls per person per month, or reviewing more invoices a day, is deemed an “improvement.” In the push to attain greater call or invoice processing efficiency, no one stops to consider how they might drastically reduce or eliminate their enterprises’ need to handle calls—or need to process invoices.

That calculus can and must change. The fewer problems customers or suppliers have with a product or service to start, for example, the fewer questions and complaints an inbound call center will have to field. As the extent center reps become better at responding accurately and effectively “on the first call,” the fewer complaints they now get means fewer calls (back) tomorrow. What results is a virtuous cycle of increasing call elimination and continuously improving call support. It’s a cycle in which the number of calls falls even as the quality of the call outcomes rises. Best of all, call capacity and outcome quality rise without any need to increase staff. This is an example of work elimination at its finest.

**Performance is too often measured using the wrong metrics.** Positive impact ends up assessed by things like how many more calls or invoices are handled today versus yesterday. In a never-ending quest to do the work better, no one stops to consider how the underlying need to do that work might be eliminated.

**This brings us to our main rule:**

**The key to effective process elimination rests in persistently asking one question: Why? As in: “Why do we need to do this?”**

Process managers need to assess the risk of eliminating certain workflows within their function. Then they need to balance that risk against the cost of applying the necessary resources to manage that workflow, and safeguard it from identified risks.

Many enterprises, for instance, fail to ask: “Why have we made ourselves prisoners to byzantine strategic supplier agreements laden with clauses, counter-clauses, and counter-counter-clauses? Why can’t we eliminate all those clauses and counter-clauses and streamline contract language to focus on the contract’s original intent: ensuring timely, safe, and complete receipt of promised goods by one party in exchange for the other party facilitating prompt payment at the previously agreed price?”

Inserting dozens of allegedly risk-reducing terms into contracts creates the need for a full-blown process in which employees spend countless work-hours combing fine print. Worse, if the contract management process is automated, still more work-hours end up wasted. This time, waste takes the form of an army of IT vendors that have to create countless data fields for all the clauses and counter-clauses.

Like a convoluted prenuptial agreement, overly complicated supplier agreements beg the question: Who, other than the lawyers, is really profiting from all the added legalese, and at what cost to the parties involved? That question answered, one must next ask: To make automated contract management less complex and problematic, why not eliminate and standardize as much contract language as one possibly can?
The quest to eliminate workflows and data streams means looking at every situation through the lenses of process and technology.

With process, it means recognizing that gains in productivity must be complemented with the physical elimination of process steps, and a strong corresponding push to reform policies. On the technology side, this means not just engineering automation of nonessential activity. It also means making sure, to the extent possible, that digitization eliminates the need to make manual exceptions to how workflows are auto-processed. Finally, efforts must focus on figuring how to use one’s inbound contact center operations to identify what steps should be eliminated from which business processes.

If you want visibility into how as-is processes work (and where they can be easily eliminated in part or whole), there is no better vantage point than an enterprise’s inbound contact center. These centers can be remade into places where reps don’t just address customer complaints about product usability or service experience after the fact. They can become places where such feedback is aggregated and studied, places where macro patterns are identified and then formally shared with the employees who design the company’s products or services, places where feedback is used not just to address immediate concerns but also to collect information so those concerns can be “engineered out” of future offerings.

Elimination does more than do away with unneeded work. Elimination can remove activity that is actually a drag on performance and turn a net negative into a net positive.

Imagine, for a moment, vendors calling a contact center to learn how they can get invoices paid without delay. Only when they do, they are automatically informed about how they can be paid earlier than first stipulated, provided they agree to discount the amount they receive. The payer in this scenario retains more cash. Moreover, the improved cash flow isn’t earned by constantly aggravating key suppliers by withholding payment for some minor invoicing error.

One small lesson: The burden of identifying invoice problems admittedly rests with the biller in the preceding scenario. Long term, though, a policy of not paying because of minor invoice errors does nothing more than enable too-clever-by-half payers to avoid giving up some of their cash sooner than absolutely required in one area while leaking away far more cash (and brand equity) in other areas. The big lesson: Being more efficient in processing—any type of processing—is not the answer. Being more effective in eliminating the need to address process errors is.

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