Recently, I lost my wallet and had to replace a couple of bank cards (a situation millions of people face yearly). The first bank I called required me to slowly navigate through an automated system with an endless succession of prompts, while I grew increasingly frustrated and weary. Finally—after almost an hour!—a robotic voice told me that I would receive a new card in about a week.

With the second bank, my call was answered immediately by a real customer representative, who quickly took my information and processed my request. In five minutes it was over, and the next day I had my new card in hand. Surely, the first bank thought they were streamlining the replacement process and eliminating waste, but they approached it only from their perspective. What they considered to be painful—providing a live contact—turned out to be what customers valued most. Which bank do you think made me eager to do business with them again?

This experience is an excellent example of when management practices that are meant to maximize customer value using fewer resources (also known as lean practices) backfire because they are only looking at value from their own perspective, which might not benefit clients.

Companies succeed more when they foster a culture that first considers value to those they serve first, not just value to the company. How do organizations do that?

Through purpose, people and process.

Establishing purpose within an organization enables workers to connect what they do with what customers receive. At a high level the organization can develop, communicate and deploy strategy that visibly connects to the things that are most important to your customers. On a small scale, managers should help employees see how their actions create value and find better ways to do so—then develop and deploy strategy that visibly connects to the things that are most important to customers. These two levels will engage the organization and give it direction, while making it tangible for people in their daily work.

For example, the San Diego International Airport, the busiest single-runway commercial airport in the US, was in the midst of a much-needed expansion and improvement program but also wanted to follow storm water-compliance requirements. Development plans had been hampered because the airport’s internal stakeholders lacked an understanding of the big picture in which they had to operate. To change this dynamic, the planners, facility development staff, environmental affair purpose concepts and legal staff collaborated to create a whole-systems view of their storm water-flood risk and water-quality compliance challenge. They decided to require that storm-water solutions be made a part of all future expansion projects, saving as much as $300,000 annually while reducing compliance costs by hundreds of thousands of dollars each year. These initiatives will also make the airport more resilient to extreme climate events.

While purpose is important, so are people. Considering employees and customers first may sound obvious but it doesn’t always happen. If employees can understand the bigger picture and work well together, it unleashes their creativity.
Fortune 100 global oil company adopted a lean mindset correctly in order to help its struggling remediation team. Waste sites were taking too long to close and damaging the company’s bottom line. After holding several Kaizens (a Japanese term for creating change for the best) to help the staff understand how their work creates value for customers, they realized that technicians spent their time in the field checking that equipment was working rather than ensuring that it was actually removing contaminants from the ground. Simply put, workers’ perception of their job focused on the means, not the end. So their daily routines were not linked to the firm’s overriding purpose of remediating and closing the affected sites. Once employees changed their mindset, they found ways to increase waste-site closure rate by a factor of five and reduce portfolio administration time by 60%. The company also realized a net-spend reduction of $7 million across the lifecycle of the waste-site portfolio.

Finally, evaluate the process for increasing value and reducing waste. When an ivy league university with a facilities department faced budget cuts, workers stopped maintaining their buildings and equipment, which caused emergency repairs and unplanned maintenance to rise beyond levels of the department’s capacity. Staff did their best to respond to demands but lacked a process to distinguish between tasks that were critical, and those that weren’t. To tackle this challenge, they identified what their customers valued most from their services and built that focus into their daily work processes. Employees were able prioritize their activities and identify places to save up to 55,000 hours annually in management and staff time—and improve services provided to their customers.

Remember, each of these “P’s” link together. The best processes won’t work without effective teams, and teams work best with a deep understanding of what customers value. When these elements are connected, your people can make their own work better to meet your strategy and customer’s needs—and this will sustain.

TO DISCUSS THESE INSIGHTS OR OTHERS CONTACT:

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