



Improving Performance

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Enterprise Process Performance Improvement - EPPI

Introduction

My stated intent in my first quarterly column back in March 2005 was to share with you a set of Human Performance Technology (HPT) models, steps, and tools that I have developed and use in my consulting practice. I believe that their use can help you better align your human capital support systems and processes to “better meet” the needs of your processes. Or “exactly meet” the needs of the process. The need for one versus the other is situational. And chock-full of ROI assessments.

So in the last 5 issues I have been presenting EPPI – Enterprise Process Performance Improvement – a set of models, methods, tools, and techniques for use in a 2-Stage approach for achieving peak performance that is “improvement methodology” neutral. A set of models based on two key, scalable data-sets – the Performance Model and the Enabler Matrices.

Peak performance requires that any improvements to any process, core or enabling, must meet the balanced needs of its many stakeholders.

Peak Performance, in my view, requires both “process and stakeholder centric views” where the right enabling “human assets” and the right enabling “environmental assets” are available at the right process time and place, at the right quantity, quality, and cost, to produce process outputs that then “feed” downstream processes with the right inputs. It’s about the design of the Process, and the availability of the right People and Environmental Supports provisioned from various enterprise internal support systems/processes.

My derivative of the 1970’s version of the Ishikawa Diagram that frames these three components of process in a scalable approach is presented in Figure 1.

determine root causes and needs gaps, identify the high-impact improvements needed, forecast the ROI before beginning the actual improvement interventions.

The EPPI models and methods offer a scaleable “data-scheme” and process for better understanding human performance within the context of processes – scaleable from one single process to all processes for a department, a function, a business unit, or for the entire enterprise. That “data-scheme” is what the first 5 columns in this series addressed.

EPPI has two Stages:

- Stage 1 - Targeting EPPI
- Stage 2 - EPPI Intervention Initiatives

Stage 1 – Targeting EPPI – is a 4-phase approach where a little effort is expended to conduct quick macro-analysis and quick macro-design efforts in order to build a preliminary “business case” for going after significant ROI. Where the R could represent either risk reduction and/or reward.

Most importantly, enough analysis has been conducted quickly upfront, so that all of the potential entanglements with other upstream and downstream processes are brought to light early. Their costs are factored into the bigger picture of for all Stage 2 efforts, calculating the Total Investments required for the Total Returns anticipated. Forecasted for whatever timeframe is appropriate to your enterprise’s decision making processes.

Improvements that don’t forecast enough ROI (and/or RONA, EVA, etc.) never see the light of day or a nickel of shareholder equity in any improvement efforts. But those with significant returns for the investments are vigorously pursued because they are worth it to a management improvement oversight body. The 4 phases of an EPPI Stage 1 effort are presented in figure 2.

Targeting EPPI Phases

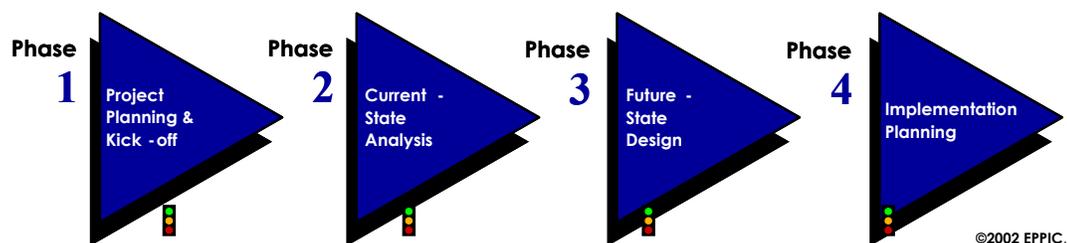


Figure 2 – The 4 Phase Stage 1 Targeting EPPI Approach

Unlike most Six Sigma initiatives, EPPI does not train and unleash an army of black belts to improve processes here, there, and everywhere. That’s what killed TQM! EPPI promotes and enables management command and control and empowerment. More on this in the next issue under EPPI Teams & Governance.

Stage 2 – EPPI Intervention Initiatives – is a 6-phase approach, where the significant ROI promised in the upfront Stage 1 – Targeting EPPI efforts, is achieved via engineered interventions that fully anticipate all of the entanglements (efforts and costs) involved upstream

and downstream in addressing what are usually complex situations, especially for those with significant strategic and financial impact – risk and/or reward. The six phases that frame an EPPI Stage 2 intervention initiative are presented in Figure 3.

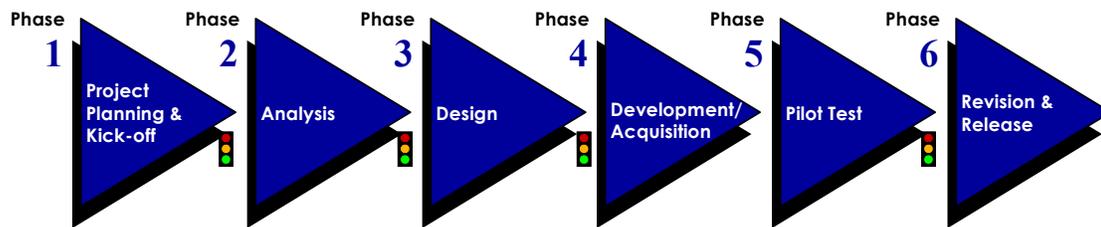


Figure 3 – The 6 Phase Stage 2 EPPI Intervention Initiative Approach

EPPI provides both a “program/project management process” for improvement efforts (see above) and a “data logic” (a data framework) that together guide

- Business case development for the improvement effort
- Program/project planning
- Analysis
- Design
- Development
- Trial/testing
- Revisions
- Implementation/rollout
- On-going administration/operations to sustain the improvement
- Maintenance/change management.

Improvement efforts should only be undertaken if they are forecasted to create a significant “total returns” relative to the “total investments” required **and** compared to all other investment opportunities of the enterprise.

The analysis and high-level design of Stage 1 focus on one of three variables in the EPPI approach to process improvement. Those three key variables are

- The Process (itself)
- The *enabling* Human Assets (people)
- The *enabling* Environmental Assets (everything non-people)

“Process improvement” might require improvements to the process, and/or to the human capabilities and/or the environmental supports available for use in the process.

- Perhaps “if only” the process were better designed, then the process would be operating at peak.
- Or, perhaps, “if only” the performers were better and faster, then the process would be operating at peak.
- Or, perhaps, “if only” the data, materials, equipment, and culture were what was needed, then the process would be operating at peak.

These are three variables in EPPI to be reviewed for leverage potential. Once you understand the true nature of the needed efforts for targeted process improvement you can identify which

additional, ancillary Enterprise processes will be affected upstream and which downstream, as well as the internal enterprise systems (HAMS and EAMS) that may themselves need process improvement efforts. Only then can any projected ROI for any improvement effort be realistic.

Process Improvements

“Process improvement” where improvements to the process itself are required might lead to the following types of improvement interventions:

- QFD the product and processes to ensure hitting marketing/customer targets for functionality, quality, cost, etc.
- Learn the process, streamline it, automate it where possible, eliminate unnecessary tasks, etc.
- SPC the process. Begin measuring the process to gain statistical process control over the key variables of the process in terms of how they affect the product – the output that is an input downstream.
- Six Sigma the process to fix those out-of-control processes that have a negative impact on the output variables that are important as input criteria to the downstream processes and their stakeholders.

And, of course, there are many other improvement intervention types beyond these four that are intended to address the process itself.

HAMS Improvements

Improvements to the Human Asset Management Systems may be required to affect the human asset management systems to achieve peak performance. The EPPI model for HAMS is presented in Figure 4.

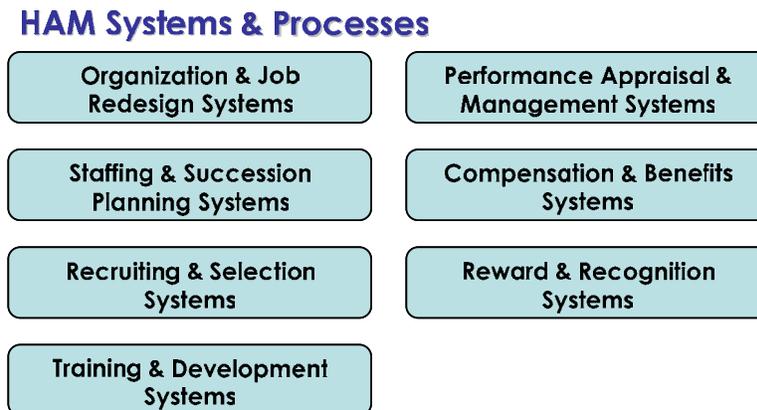


Figure 4: The HAMS – Human Asset Management Systems

Each of these might involve the same types of “process improvement interventions” listed above and below, for the following enterprise systems:

- Organization/job systems design/redesign
- Staffing systems design/redesign
- Succession Planning systems design/redesign

- Recruiting systems design/redesign
- Selection systems design/redesign
- Training systems design/redesign
- Development systems design/redesign
- Performance Appraisal systems design/redesign
- Performance Management systems design/redesign
- Compensation systems design/redesign
- Benefits systems design/redesign
- Reward systems design/redesign
- Recognition systems design/redesign

EAMS Improvements

Improvements to the Environmental Asset Management Systems may be required to affect the environmental asset provisioning systems to achieve peak performance.

The EPPI model for EAMS is presented in Figure 5.

EAM Systems & Processes

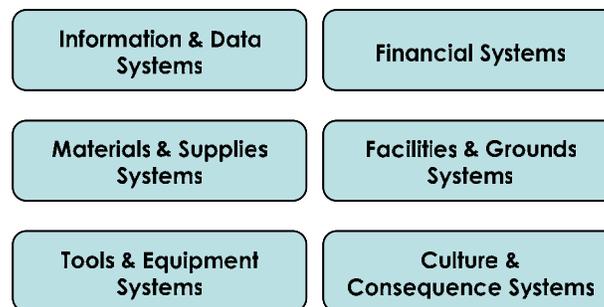


Figure 5: The EPPI Environmental Assets Management Systems Model

Each of these might involve the same types of “process improvement interventions” listed above and below, for the following enterprise systems ;

- Data/Information systems design/redesign
- Materials/Supplies systems design/redesign
- Tools/Equipment systems design/redesign
- Facilities/Grounds systems design/redesign
- Headcount/Budget systems design/redesign
- Culture/Consequence systems design/redesign

Targeting EPPI & EPPI Intervention Initiatives

EPPI is a management and data framework. It is for the use and benefit of the management group that “invests” in the overall effort to achieve some targeted improvement. **EPPI** always assumes that the “investors” are looking for “significant returns” for their time and trouble.

The goal of **EPPI** is to organize improvement efforts so that they are more predictable, more reliable, and repeatable so that multiple **EPPI** projects can be conducted by groups of project

managers trained to facilitate other internal enterprise experts who have been handpicked and managed in a “politically inclusive” project management process that facilitates a sponsor’s and senior management’s need to balance both “command and control” and “empowerment” to deploy improvements that significantly pays off in expected results.

The **EPPI** stakeholder-centric philosophy assumes that the key enterprise goals are

- Short-term and long-term bottom line profit
- Compliance
- Minimized future risks

The “first goal,” of course, for enterprise shareholders, is “financial returns.” Otherwise, they will take their investment dollars elsewhere and financially starve an enterprise into collapse.

Financial returns come from sales revenue and expense management, and are the result of meeting the customers’ price/value/time needs better than any other competitor in the market-place.

And that has to be done in total “compliance with all legal requirements.”

And then there’s avoiding creating any troublesome problems with any other stakeholder group, employees, suppliers, industry associations/affiliations, or the organized public community.

Many Tools/Techniques Exist to Help with Improvement

There have been many improvement models/methods made popular during the last 30 plus years from what eventually became known as TQM, or Total Quality Management.

As TQM evolved, and continues to evolve, it has embraced many sources for concepts, methods, models, tools, and techniques in its pursuit of TOTAL quality, including those from finance: statistics, engineering, manufacturing, materials, human resources. Some of those many excellent methods/tools/techniques, include Quality Function Deployment, Statistical Process Control, Activity Based Costing, MRP, MRP II, ERP, Lean Manufacturing, etc.

Improvements to processes creating improvements in products/services can be done quickly, effectively, and efficiently, and produce an ROI – return on investment – that significantly impacts shareholder equity, while also meeting other stakeholders’ requirements to the degree necessary.

These improvement efforts are typically going to be somewhat complex; if they are truly worthy they probably aren’t going to be simple.

EPPI is Intended to Integrate Them All

Stage 1 and Stage 2 of **EPPI** are intended to facilitate the use of any and all proven concepts, models, methods, tools, and techniques for improving processes, human performance, and environmental enablers.

EPPI is intended to be robust in comparison with other improvement approaches such as SPC and other tools from TQM and Six Sigma, ISD, and HPT, and many other improvement approaches and methodologies from the worlds of finance, engineering, OD, etc. We wish to create a model for getting those specific improvement efforts up and running, but only when they

make *systems sense and business sense*. We wish to promote a *systems view and business view* approach to the planning and the management of Enterprise Process Performance Improvement.

Simple and Complex EPPI Improvement Interventions

Improvement interventions for a targeted improvement effort might be simple, such as developing the procedure guidelines and tools to conform to the new, complex regulatory requirements governing a complex process. Perhaps the approach could be framed as presented in Figure 6.

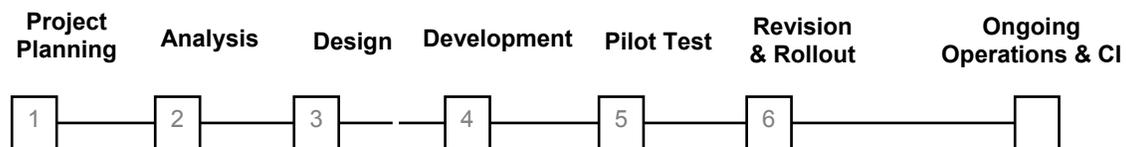


Figure 6 – A simple Stage 2 EPPI Intervention Initiative project framework

Or a more complex solution set could involve process redesign, organization, and job redesign, training and development reconfiguration and updating, as well as reconfiguration and updating of the current pay-for-performance compensation system.

An example of a more complex project framework for Stage 2 efforts is presented in Figure 7.

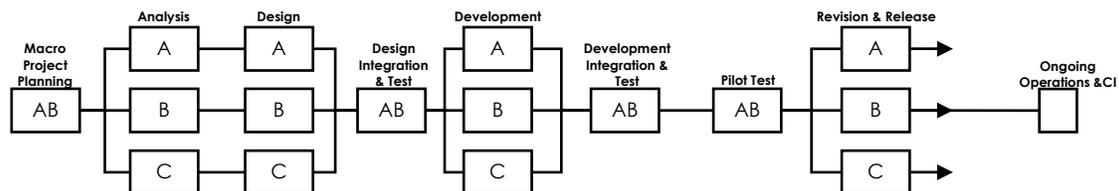


Figure 7 – A complex Stage 2 EPPI Intervention Initiative project framework

EPPI Teams & Governance

EPPI uses teams of designated personnel, handpicked by some sort of Project Steering Team of the customer and other key stakeholders, to accomplish the specific roles within the EPPI methods. The key EPPI teams are

- Enterprise Improvement Governance Team
- Functional/Process Improvement Governance Team
- Improvement Project Steering Team
- Improvement Project Analysis Team
- Improvement Project Analysis Review Team
- Improvement Project Integrated Design Team
- Improvement Project Design Teams
- Improvement Project Design Review Teams
- Improvement Project Integrated Design Review Team
- Improvement Project Integrated Implementation Planning Team
- Improvement Project Integrated Implementation Planning Teams

The key team, of course, is the Enterprise Improvement Governance Team, for they “organize” and “process” the team structure to do their bidding to achieve the enterprise goals, minimize risks, and improve returns. One example Governance Structure is presented in Figure 8.

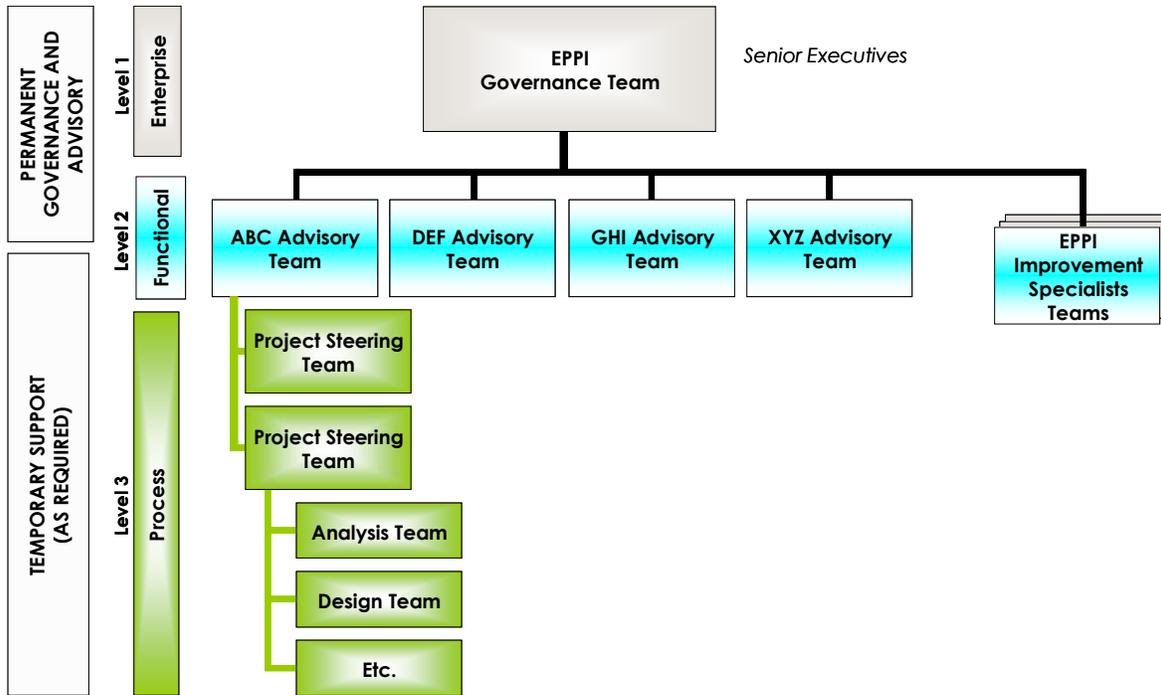


Figure 8 – An example EPPI Governance Structure

Overviews of each team and their roles/responsibilities in EPPI’s Stage 1 and Stage 2 efforts will be presented in the next few columns.

Until the next quarterly column this fall...*cheers!*

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