Improving Performance

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EPPI Stage 1: Targeting EPPI

Introduction

Most improvement methodologies begin with their means in mind. Lean efforts will use streamlining methods to produce revamped processes stripped of unnecessary tasks and delays. Six Sigma efforts will use statistical variation reduction methods in the product producing processes. Organizational Development efforts will use behavioral science, group dynamics, assessment of strategy deployment and goal alignment methods to improve the effectiveness of the enterprise leadership, management and individual contributors. Education and training efforts will use Instructional Systems Design methods to produce awareness-knowledge-skills building content. Etc. Etc.

Almost all recognize the interrelationships of the other performance factors that the other methods address, but few have their integration and collaboration requirements built in from their git-go.

Warning: If your improvement efforts are not targeting strategically significant ROI, then perhaps the following is overkill indeed. But then why are you bothering with improvement? Allocating limited enterprise resources for marginal returns is most likely not in the best interests of your shareholders and other stakeholders.

If your improvement strategy is to improve everything everywhere without regard to strategic impact and ROI you should stop reading right now. This is not for you.

Targeting Enterprise Process Performance Improvement

Stage 1 of **EPPI – Targeting Enterprise Process Performance Improvement** efforts hold off on solution declarations until all probable causes for current gaps from ideal, or future gaps that can be anticipated are identified, verified and sized…and their solution-sets identified, verified and sized…and potential ROI established for eliminating and/or resolving the current and/or anticipated gaps.

A key model, see Figure 1, is our adaptation and extension of the Ishikawa Diagram, also known as the Fishbone or Cause & Effect Diagram.

It has been adapted and extended on the left by viewing a process as part of an "owner's" functional system within a configuration of departments, functions and business units of the enterprise. It has been adapted and extended on the right by re-organizing the variables into two main branches of Human Assets and Environmental Assets and exploding those another layer.
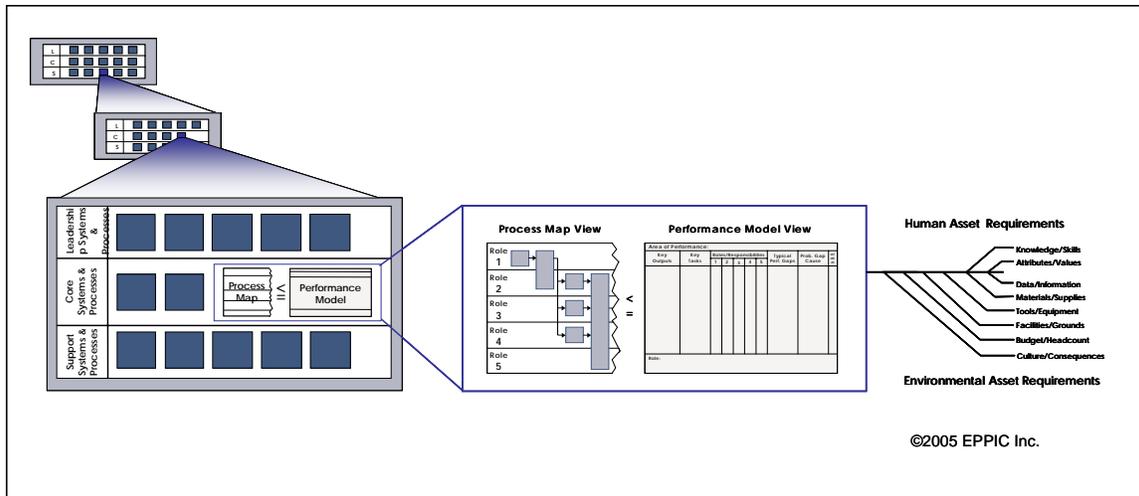
Figure 1: EPPI Process Performance Variables

The model is intended to highlight the three key variables of process performance:

- The **process itself** with it's upstream inputs and suppliers, and downstream output receivers; and its results relative to the strategic drivers and stakeholder requirements

- The *enabling* **human assets** are the awareness, knowledge, skills, physical attributes, psychological attributes, intellectual attributes and personal values that they bring to the process

- The *enabling* **environmental assets** supply the process and the human assets with enablers such as the data/information, materials/supplies, tools/equipment, financial resources, facilities/grounds, and the culture/consequences

The Process Itself

The process itself is a component of a larger, complex Value Chain. See Figure 2. The process and its some of its upstream Value Chain processes may need to be mapped and/or modeled for improvement purposes.

The process and its Value Chain have many stakeholders - see my December 2005 column for the EPPI view of the varied set of stakeholders for the enterprise processes…stakeholders with potentially complex and perhaps conflicting requirements (needs) and desires (wants).

Many process improvement methods exist. And many traditional enterprise functions "house" the experts representing those methods. For example Marketing may house the upfront expertise portions of Quality Function Deployment for determining customer needs and wants, while Design and Manufacturing Engineering may house the backend expertise portions of product and process design. In the middle they may share analysis of the competitors' offerings and processes. Their need to collaborate is critical.

And many other functional players are required to play nicely with each other in any number of "functional-owner's" processes. Engineering may support the Materials function's processes for certifying vendors' product and processes' quality assurance programs, etc.
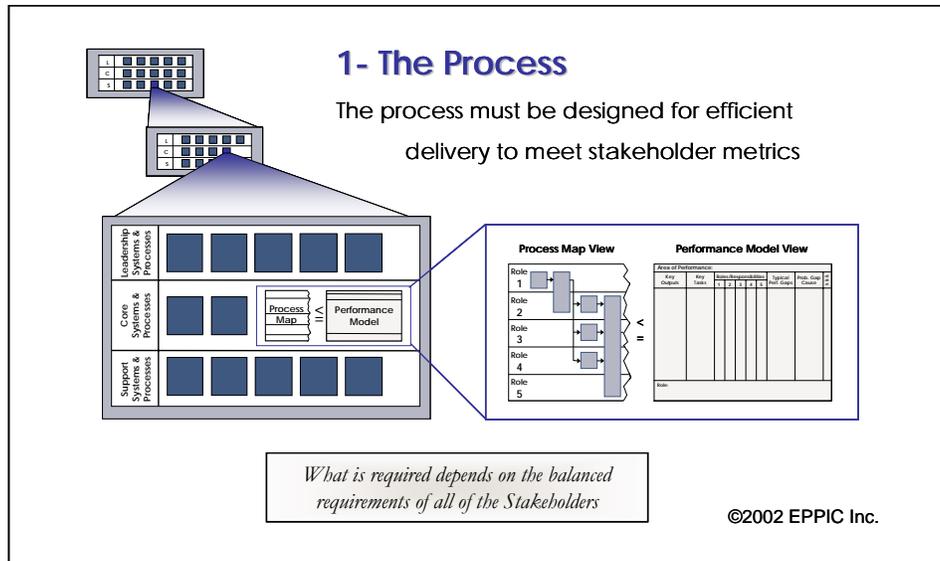
Figure 2: The Process Variable

The Enabling Human Assets

The EPPI model for Human Assets is presented in Figure 3. Don Tosti declared in his February 2006 BPTrends White Paper that:

Every organization is a human performance system:
• It was founded by people.
• It's run by people, and
• It's established to provide value to the people who are its customers/stakeholders.
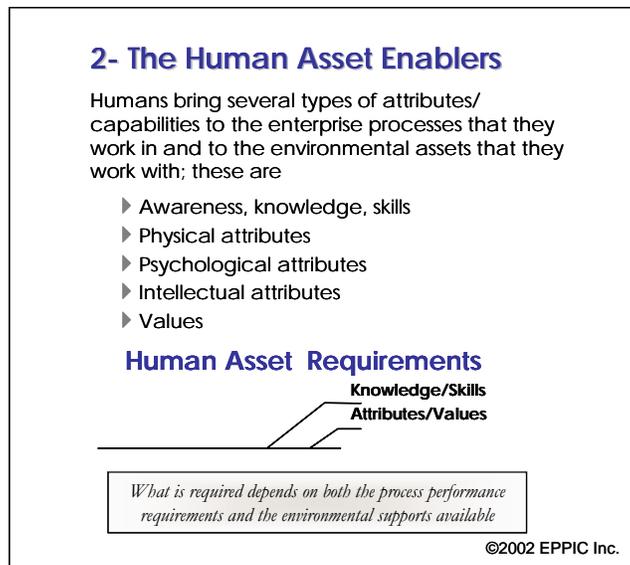

Figure 3: The Human Variables

Agreed. Without the human element there is nothing. No customer. No requirements. No process to produce outputs to meet those requirements. No suppliers to provide process inputs. No one to care one way or another.

The human elements' knowledge/skills, attributes and values either enable or prohibit their peak performance in specifying or capturing the requirements and desires of the customers, designing the products and processes to meet those requirements and desires better than the competition, producing or acquiring the process inputs necessary, and performing within the processes to produce and deliver the outputs downstream to internal or external customers in the Value Chain.

And while not all knowledge/skills, attributes and value variables of the performers are equal in terms of their probable impact on their processes performance, they must be known in order to assess the leverage potential of the critical few from the important many.

Therefore I must take slight exception to Paul Harmon's statement in his July 18, 2006 BPTrends Email Advisor regarding the need (or not) for detailed mapping and modeling of processes:

> Keep in mind, the goal isn't to model everything, but only to create such models as are needed by business people or IT folks to accomplish their daily tasks. We analyze to see if we can determine how to perform the process better, or to specify what needs to be automated. We usually don't need to try to analyze how a loan negotiator carries out each step of the negotiation.

Not true for the HR folks, including the training staff concerned with performance-based training or legal staff concerned with compliance. Nor for the IT folks who are attempting to assess the potential for automating the potentially routine elements of that type of negotiation.

But occasionally true; especially if that process performance isn't routine at all and is highly situational and inter-personal relationship dependant. Or - if there are bigger improvement fish to fry.

And regarding the generic human competencies in prevalent use today – they will never get anyone to peak performance!

They may make it easier to assess and compensate people; but easier isn't often better let alone adequate…especially for the most critical of your processes and performers. Use them for the masses if you must, but not for the people in the key performer roles in your critical-few processes.

The Enabling Environmental Assets

Figure 4 represents the EPPI analysis and design framework used to determine the specific "items" in each category for all of the necessary *enablers* of those critical process performances targeted. Then gaps or inconsistencies in their quality, availability or costs can be identified.

Once any deficiencies in the necessary environmental asset enablers are determined for the current state, or anticipated for some future state, the impact to process performance can be assessed, and the cost for addressing the issues can be better estimated, enabling the enterprise to better forecast the probable "R" (return) for the "I" (investment).
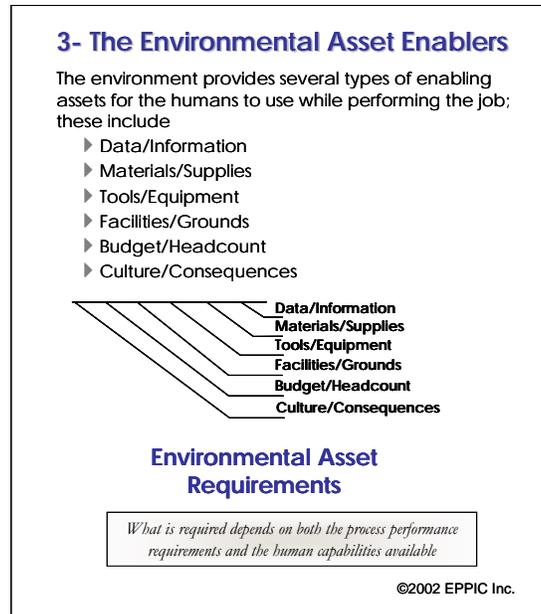
Figure 4: The Environmental Variables

Targeting EPPI Tier Views

The EPPI Tier Views are intended to systematically map the enterprise processes and target improvement efforts with a clear understanding of all potential impacts to other enterprise systems and processes. The three Targeting EPPI Tier Views are

Tier 1.   Map the appropriate enterprise systems/processes to target Tier 2 View analysis efforts

Tier 2.   Map the processes and model the performance to target Tier 3 View analysis efforts

Tier 3.   Derive the required human and environmental enablers to determine gaps, leverage potential and ROI, and target EPPI Stage 2 improvement efforts as appropriate

Tier 1 View – The Enterprise Map

This is where the enterprise's organizational *systems and processes are mapped* by the "functional owner" to target improvement areas. See Figure 5.

This mapping could be driven by a review of a balanced scorecard's current or future trend results for the business's key strategic and/or operational metrics that have been deemed unacceptable or have been determined as candidates for improvement due to benchmarking efforts.

All targeted enterprise processes and their upstream supplier processes, as appropriate to the goals for mapping, are mapped into their "home" functions and systems that are categorized as: leadership, core, or support (L-C-S).

This step is akin to first creating and then reviewing a schematic in a troubleshooting routine to determine the probable cause for an electrical short. This effort concludes when the probable targets for the enterprise's problems' root causes are determined and targeted. Those targets are addressed in the next Tier Views created.
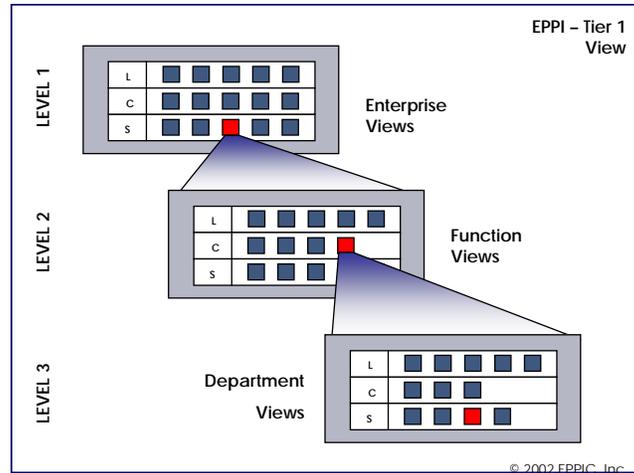

Figure 5: The Enterprise Map View

Tier 2 View – Process Performance

In the EPPI Tier 2 view, see Figure 6, those targeted functional systems and processes for the probable root causes are both *process mapped* and *performance modeled.* This level of process map and/or performance model detail is needed to target where in the current, status quo
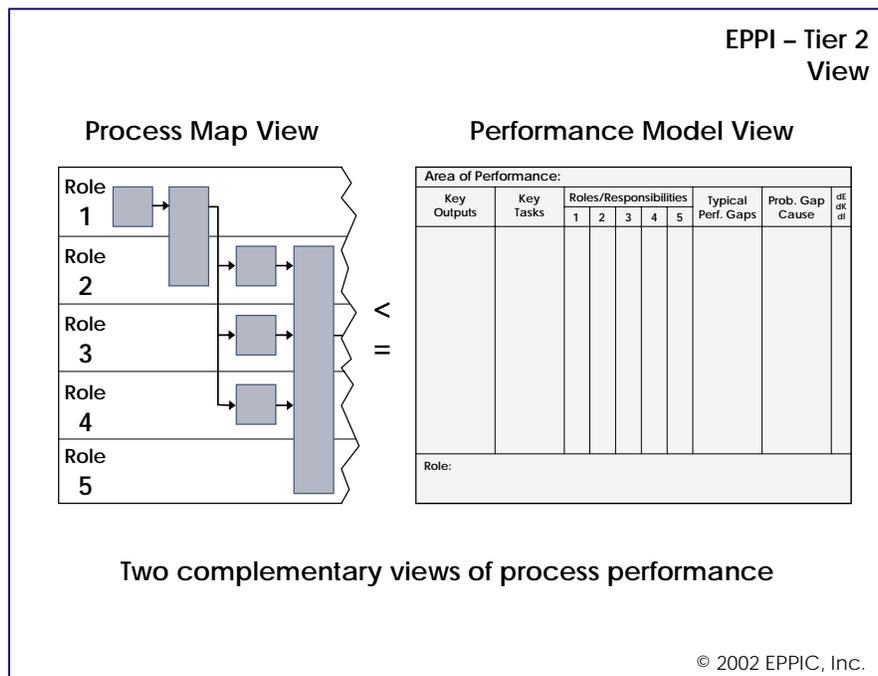

Figure 6: The Process Performance View

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system/processes, the Tier 3 Views should be created.

The Performance Model, covered in numerous BPTrends columns of mine prior to this, enables an articulation of ideal performance of the current state by current Master Performers versus an average of all performers. And it facilitates a "gap analysis" of the current state. Why can't/aren't all performers performing to the levels currently demonstrated by the Master Performers?

If used for a future state, the Performance Modeling exercise brings the current Master Performers together with various Subject Matter Experts to paint a picture of the future, as best they can foresee it. And then collaboratively, critically, proactively challenge that possible future state, using the gap analysis effort, to anticipate the potential process performance issues that that future state might hold.

It's not perfect, without defect. But what crystal ball future-fortune telling methods are?

Tier 3 View – Process Performance Enablers

This is where all of the necessary *enablers* for those process performances are both determined and assessed. EPPI categorizes all enablers including *human assets* and *environmental assets*.

Once any deficiencies in the quality, quantity and costs of the necessary enablers are determined, the impact to process performance for addressing those can be determined. Those upstream or peripheral provisioning organizations involved might also require improvement efforts. The total R (return) can then be more accurately calculated for the total I (investment) that will be required. Not the total return for the partial investment, as too often is the case.

Again, the concepts, models, tools, and techniques for creating these three Tier Views are used in each of the four phases of Targeting EPPI.
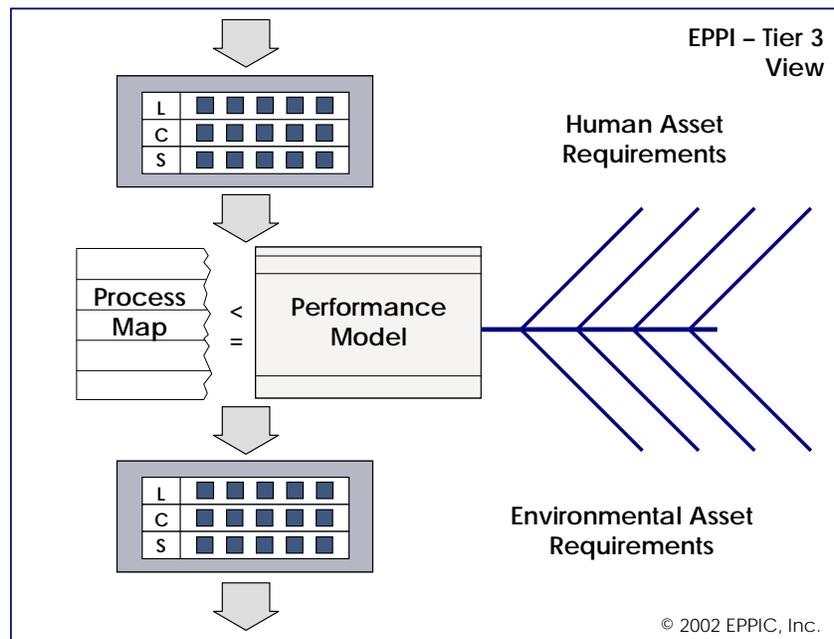

Figure 7: The Process Performance Enabler View

EPPI Stage 1 Phases

Targeting EPPI uses a gated, 4-Phase framework (see Figure 8) for improved Phase 1 task planning including appropriate management control via the "gates."
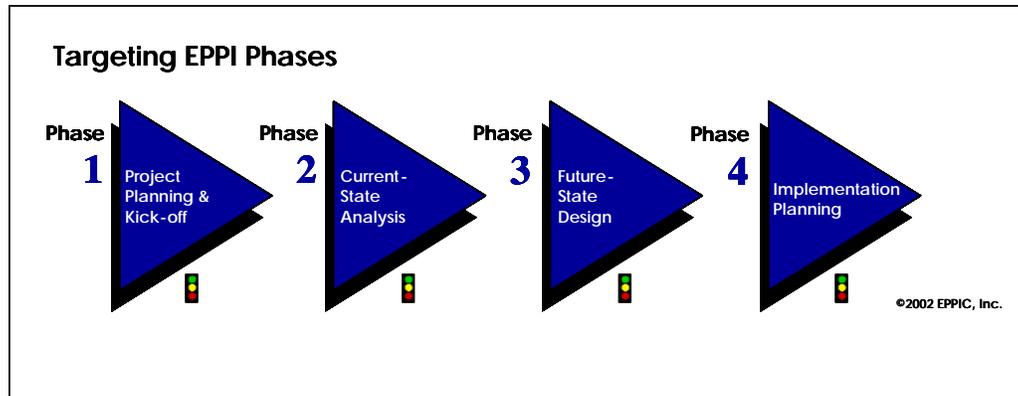

Figure 8: The Stage 1 Targeting EPPI 4 Phase Model

Stage 1 - Phase 1- Project Planning & Kick-Off

In this phase, the Targeting EPPI *plan* is created, and a Project Steering Team is recruited, oriented, and met with in the first gate review meeting, in order to review and then approve, amend, defer, or kill the planned improvement effort. If approved or amended/approved Analysis Team membership would be determined to assure appropriate representation.

The three Tier Views are used in the first phase to influence the overall planning efforts of the four phases and explain the intended analysis, which may be begun here, as appropriate to the specific improvement effort.

Tier 1 Views might be begun here in Phase 1 and may also end here, depending on the size, scope, and breadth of the enterprise and the improvement being targeted; otherwise Tier 1 Views would be completed in Phase 2 by the designated Analysis Team(s).

In Phase 1, the Project Steering Team deliberately targets Phase 2 efforts based on current and desired business results and perceived future opportunities and threats.

Stage 1 - Phase 2- Analysis of the Current State

In phase 2 the *current state* is determined, mapped, and targeted using Tier 1 View guidance if completed earlier in Phase 1; otherwise, Tier 1 Views are completed here. Then targeted Tier 2 Views and Tier 3 Views efforts are completed specific to the original targets and plans.

The results of the analysis meeting(s) are shared in a gate review meeting with the Project Steering Team. They will review the data, assess the target problems/opportunities determined by the Analysis Team, and agree upon the specific targets for the succeeding Phase 3 efforts. Or they will amend, defer, or kill the effort based on the preliminary results or as the current business situation may dictate.

Stage 1 - Phase 3- Design of the Future State

In this phase, the *future state* is determined and targeted using both the models and data from the Phase 2 efforts as starting points. The same core teams would be used with some additional members to broaden and/or deepen the team's expertise, as necessary, and as determined/approved by the Project Steering Team in the prior Phase 2 gate review meeting.

The Project Steering Team is brought together again at the end of Phase 3 to review and assess the data and to select specific targets for the Phase 4 efforts. Or to amend the plans, defer the effort, or kill the improvement project based on the results-to-date, or as the latest business situations might dictate. If the effort moves forward, additional people may be handpicked and/or approved by the Project Steering Team for involvement in Phases 4 planning and/or reviews.

Stage 1 - Phase 4- Implementation Planning

Here, the specific improvement intervention implementations are planned for any post-Targeting EPPI needs — where the missing/deficient human and/or environmental enablers are put in place/fixed, or the process itself is re-engineered and then the enablers are righted.

This phase may need to plan multiple sets of project efforts, some of which will need integration efforts between them to ensure their effectiveness during and post-rollout.

EPPI Stage 1 Teams

Not all of the teams described below will be appropriate to every improvement effort. As always, it depends. It will depend on the scope of the improvement effort in Stage 1, the enterprise culture and the risks and potential downside costs for not using them.

But other teams may be permanent fixtures of the enterprise management system and processes. See Figure 9.

Enterprise Improvement Governance Team

This team is part of the "Level 1" permanent governance and advisory structure, in place to ensure that all improvement investment allocations are truly strategic and worthy, in terms of the corporate hurdle rate.

Functional/Process Improvement Advisory Teams

These teams are part of the "Level 1" permanent governance and advisory structure, in place to represent the enterprise in terms of the key business units, functional groupings and/or key processes or Value Chains, and to advise the top governance group. If functional in orientation it would represent the "owner functions" for key enterprise Value Chains and include appropriate member functions involved in that owner's processes/Value Chains.

Improvement Project Steering Team

A Project Steering Team is a temporary support team, brought together for the duration of an improvement effort. Their job is to review the implementation charter and to oversee the detailing of improvement plans and to select project participants. This team recruits the best members for the other project teams, from the functional/organizational ranks, and helps them leverage the process performance situation to the best enterprise advantage for worthy ROI.

This team may stay involved as needed to target/focus the collective follow-on improvement efforts in Stage 2, with additional membership as needed. Their continuity is crucial as they will be the only ones close enough to the Stage 1 efforts to provide an understanding of what else was determined to be linked to the current situation needing improvement and what else may be impacted and/or need to be impacted later in Stage 2.

The Stage 2 planning then can be conducted to address *everything* necessary to make the targeted improvement ultimately effective and worthy of the investments of time and resources.
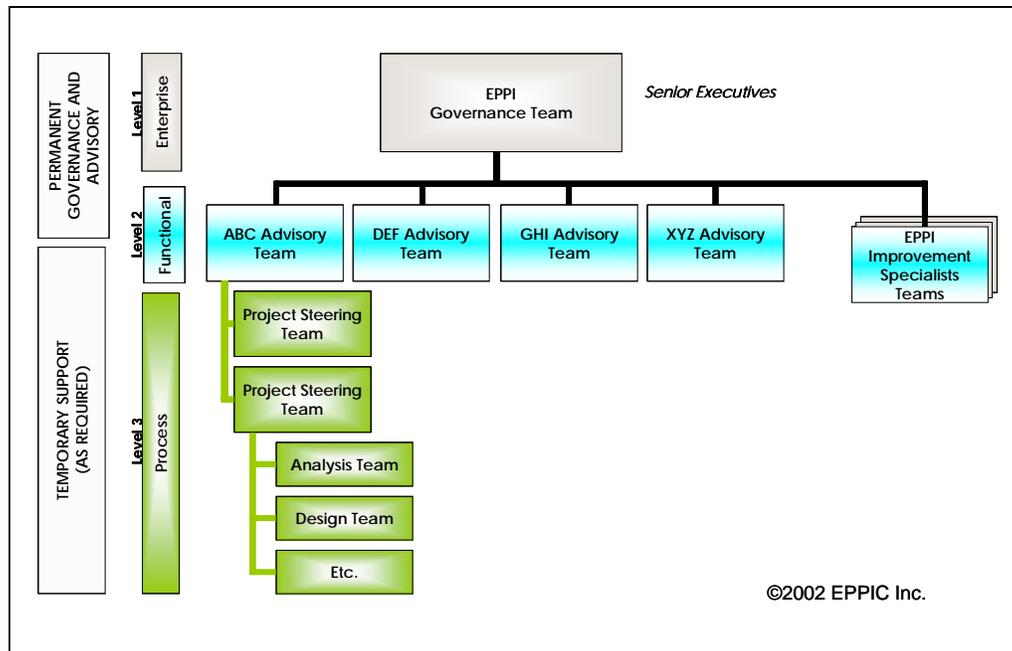

Figure 9 – An Example Stage 1 Targeting EPPI Team Structure

Improvement Project Analysis Team

An Analysis Team of the owner function, master performers, subject matter experts, and other key stakeholders (as needed) is brought together to generate the data regarding the ideal performance and actual performance (generating a gap analysis) via an assessment of the process itself, and of the enabling assets, both human and environmental.

Improvement Project Analysis Review Team

An Analysis Review Team or teams may be brought together to review the analysis data and provide comment, thus broadening the participation beyond the typically small number of individuals on the original Analysis Team.

Improvement Project Integrated Design Team

An Integrated Design Team, a subset of the Analysis Team (for continuity), is brought together to use the analysis data to create a macro-integrated-design that specifies the criteria for both product and/or process changes overall related to "gaps" in the processes performances

analyzed, to ensure that any integrated improvements/changes are feasible, that possible or inevitable trade-offs are understood and assessed, and will help them better specify the improvement needs of any piece-part-processes to be improved. They then also estimate the "returns" for the overall improvement.

Improvement Project Design Teams

Design Teams, with members from the Analysis Team and/or the Integrated Design Team, are brought together to use the analysis data (and integrated design specifications as appropriate) to create mid-level-designs that specify the criteria for both the products and/or processes change requirements related to the "gaps" in the performance targeted for improvement, to ensure that any improvements/changes do meet the needs of the overall process performance goals. They also estimate the "returns" for any "improvements" to their portion of the effort.

These teams would produce any micro-level design later in Stage 2: EPPI Initiative Implementation.

Improvement Project Design Review Teams

Design Review Teams are brought together to review the mid-level-design data for their appropriate areas and make comment early enough to identify problematic areas and issues. These teams would produce any micro-level design later in Stage 2: EPPI Initiative Implementation.

Improvement Project Integrated Design Review Team

An Integrated Design Review Team is formed to review the macro-design data for each of the component areas of the overall improvement effort to make comment early enough to identify any overall problematic integration issues. This team would also review any micro-level design later in Stage 2: EPPI Initiative Implementation for integration issues and needs.

Improvement Project Integrated Implementation Planning Team

An Implementation Planning Team whose membership is comprised of the Project Steering Team members, and both the Integrated Design and Integrated Design Review Team members, and representatives of the various, appropriate enterprise functions that will ultimately be responsible for the change area (as one example: training systems) are brought together to plan the change management strategy and tactics for hand-off to the EPPI Stage 2 Project Steering Team(s). They

- Review the macro and mid-level design data
- Create initial plans for addressing those improvement/change criteria
- Determine the budget required so that ROI can then be calculated and presented to the Enterprise Improvement Governance Team for approval and resource allocation.

Improvement Specialist Teams

These teams (or team) house the many improvement specialists potentially necessary for significant improvement efforts. These are the "home rooms" where the acquisition and the continuous development and assessment of improvement talent are accomplished, by design, in alignment with the enterprise's improvement philosophies, approaches and disciplines.

These teams may include Lean specialists, Six Sigma specialists, OD specialists, Compensation specialists, Instructional Design specialists, etc.

Future Columns

In the next quarterly column we'll look at when and how the tools and techniques of EPPI, presented in past columns, plus other traditional tools, are used in Stage 1 phases of Targeting EPPI.

And in future columns we'll cover Stage 2 phases, teams and the various tools/techniques from more traditional improvement methodologies to achieve peak performance.

Until the next quarterly column this winter…*cheers!*

Guy W. Wallace, a Certified Performance Technologist is the president of EPPIC Inc. He has been a performance improvement and training systems consultant for Fortune 500 firms since 1982. He was the president of the International Society for Performance Improvement in 2003-2004. Guy may be reached at guy.wallace@eppic.biz and his web site at www.eppic.biz.