
Business Process Transformation - The First Step on the Path to a Step-Change in Performance

In other articles I have proffered the idea that continuous improvement is not enough to overtake competitors that are ahead of you in today's marketplace. Face it, they are probably working on continuously trying to improve too. The key to being able to establish and maintain an advantage is to create a step-change in performance that catapults you beyond the competition.



What does it take to make that a reality? It is a very simple process, though a path that most won't summon the courage to follow. Why? Because, while it is both a practical and simple approach, it isn't easy... if it was, everyone would be doing it.

Over the past thirty years we have helped many businesses reap the tremendous rewards of step-change performance improvement. We have discovered that companies who take on the challenge fall into two general categories; those that were *inspired* to be the best they can be, and those that were *tired* of always fighting fires and trying to catch up to everyone else! It is interesting that the vast majority of businesses (90+%) are 'okay' with where they are, even though they already possess more talent, resources, and opportunities than they need to more than double their profitable growth year over year.

Let's take a ten-thousand foot view of what it takes to leap-frog your competition. The entire process is encompassed in five steps as illustrated in the following diagram:



As you can see, there are five distinct steps in the process. The approach is both **HOLISTIC** and **SYSTEMATIC**, reaching increasing levels of detail in a step-wise, systems engineering way.



Appropriate analytical tools and techniques are used at each step to ensure the most appropriate solution is derived.

The 'Law of Process' says that if you want to get from point 'A' to point 'Z', you have to go through B, C, D, E, and so on. The same law applies with this process... skip over a step and you will fail.

In this article, we'll discuss the first step, benchmarking and target setting

Benchmarking & Target Setting

"If you don't know where you are going, any path will take you there". That's one of my favorite old sayings. You need something to shoot for, a picture of where you want to be in the future in order to know what you need to do to get there... and to get there as efficiently as possible. Target setting creates that vision, and communicates in tangible terms exactly what you are trying to achieve. But how do you come up with targets?

The first step to determining where you need to go is discovering where you are... that's the purpose of Benchmarking. As Dr. Deming once said, "In God we trust, all others must bring data". Benchmarking is a data collection process focused on determining how your organization, in every function, measures up against what your customers expect, what the marketplace requires, and how your competitors are performing.

Here are three things about benchmarking to keep in mind:

Search beyond the obvious.

There is an inherent danger in benchmarking that most companies fail to consider... only benchmarking within and against your own industry... you'll only be able to become as good as your best competitor. That's why companies like Southwest Airlines benchmarked their gate turnaround times against Penske Racing's pit crews... they knew that if they benchmarked other airlines, the best they would see would be around an hour. Remember they were looking for a step-change in performance, and they got it... Southwest routinely accomplishes gate turns in less than twenty minutes... a standard that other airlines still come far short of achieving. Its a key reason why Southwest makes a profit when other airline operators lose money... airplanes make money when they are flying!

It will take some creative thinking on your part, but there is always a standard bearer out there that you can learn from.



It's not just about product or service delivery.

Okay, well it's a lot about that... the message being that it's about all those things... people, departments, processes, etc... that work together to get the product or service to the customer so well that it wows them and makes them want to keep coming back for more. Benchmarking looks at every function... billing, production, customer service, sales, IT, etc... at every level, and asks, "Who does this better than anybody else?", and then goes and learns everything about how they make it happen.

Creating a step-change in performance is about critically analyzing every detail of what you do and how you do it and discovering the potential that you already possess. Benchmarking provides the opportunity to measure yourself against world-class and, most importantly, to see that others have already accomplished it.

It's kind of like what happened after the 4-minute mile record was broken in 1954. Prior to Roger Bannister's landmark feat, no one had ever run a mile in under four minutes. Yet, within the next twelve months, nineteen others had accomplished it. Why? Was it because they suddenly became so much better athletes? No. It was because they saw someone else do it, and they believed it could be done.

Study those who have failed.

It's tempting to focus on studying only those that are best. Certainly, you want to spend most of your time, effort, and thought on benchmarking the organizations that lead the field. Yet there is much to be learned from those who are at the other end of the spectrum.

Have you ever dealt with an individual, or perhaps with a situation, that taught you what NOT TO DO? Most of us have at one time or another. There have been many companies that have tried and failed at transitioning from where they were to world-class status. Even though we know that the path to becoming a company that others want to benchmark is a journey, find those organizations that have spent a lot of time and money and are still not there after years and years of effort. Ask questions to understand what is taking so long. After all, we are talking about a step-change in performance over a short period of time. If they have been at their effort of step-change for more than a year they are doing something wrong, and you can gain insights that will help you avoid making the same mistakes.

Do you have the courage to take a critical look at your business and yourself? Are you 'okay' with where you are at in terms of growth or profits? Are you looked upon as *the* leader in your industry?



Are you satisfied with being no better or worse than everyone else? Do you *really* know how you stack up? Do you care?

Knowing where you stand is the first step to creating the future you want. For every company leader, there comes a time when they have to decide whether they will leave a meaningful legacy through their business, or just fade away. Which do you choose?

