

Successfully Navigating Business Growing Pains



Summary

Every business goes through growing pains – the point at which the informality and flexibility in ways of working which drove original success becomes a potential de-railer for further growth.

This paper explores how process improvement techniques, if applied judiciously and with an appropriate ‘light touch’, can be the secret to success to navigate this tricky phase in the development of any business.

“We have had great support from Process Insight. Always grounded in the needs of the business and provide fantastic advice to improve our performance.”

Jeff Fail, Managing Director, Synectics Mobile Systems

“Process Insight have helped us deliver better and quicker results ...supporting smart implementations & performance improvements across the business”

David Nuttall, Director, Colormatrix

Business Growing Pains

All businesses go through ‘growing pains’ as they transition from initial success through to “take –off” and maturity.

Organisational characteristics that are strengths when small can become potential de-railers as the business grows.

This is particularly true when we consider the “ways of working” – the processes, systems and organisational structures.

The secret to successfully these challenges is to adapt and refine the processes as the business grows – to introduce the appropriate rigour and standardisation without destroying the characteristics of the organisation that made it successful in the first place.

Lean and Six Sigma are well developed process improvement methods for improving customer experience, increasing productivity and reducing waste.

These techniques, are very powerful to help the organisation make this transition – **but only if applied in the right way** with an appropriate light touch that suits the stage of development and culture of the business.

Why Early Strengths Can Become De-railers

Growing pains come in many shapes and sizes but in our experience generally fall into one of 3 categories. Below we describe in each case how the early strength can become a de-railer as the business reaches a certain size and stage of development.

1. The “Customer is King” Mentality

When the “Customer is King” all customers are perceived as good customers and the business strives to meet each & every customer requirement with little concern about implications for the organisation.

Strength when the business is small

- Encourages customer focus
- Drives exploration of all opportunities
- Enables discovery of what products and services will succeed in the market

Potential De-railer as business grows

- Every order is a good order – no clarity on where and how you make money
- Drives complexity in products and service which increases cost
- Complicates supply and delivery processes reducing performance

2. High Innovation Focus

Highly innovative businesses are constantly striving to tweak or develop new products and services in order to explore opportunities & drive growth.

Strength when the business is small

- Highly responsive to customer and market needs
- Drives development of new ideas for business success
- Encourages a “can do” culture

Potential De-railer as business grows

- Business lacks focus
- Resources spread too thinly
- High “cost of change” degrades overall profitability

3. Informal Processes

Symptoms of informal processes include fuzzy accountabilities, and low emphasis on well defined ways of working. This is very natural in smaller organisations with straightforward lines of communication and simple structures

Strength when the business is small

- Encourages flexibility
- People take ownership to make things happen
- Speed of response

Potential De-railer as business grows

- Slow and unclear decision making
- Unclear levers to pull
- Poor data quality and Management Information Systems
- Disrupted customer journeys degrading customer experience
- Very difficult to implement IT solutions required to support further growth

Process Improvement Techniques to Help Avoid De-railers

Process improvement techniques are generally associated with large organisations who, over the past 10 years or so, have successfully adopted the methods developed by Toyota, GE and others to drive business improvement.

The same techniques can be simplified and tailored to work just as well in smaller organisations if applied in the right way - with a “light touch” and in a way that fits with the culture of the organisation.

They can be very powerful in helping the organisation deal effectively with the challenges of rapid growth and in addressing the potential de-railers identified above. Some examples to illustrate this are given in the table:

Organisation Characteristic	Potential De-railer As Business Grows	Some Examples of How Process Improvement Can Help
“Customer is King” Mentality	<ul style="list-style-type: none"> • Every order a good order – no clarity on where/how you make money • Drives complexity in products and service which increases cost • Complicates supply & delivery processes reducing performance 	<ul style="list-style-type: none"> • Market planning & customer segmentation to give clarity on business focus • Assessment of customer and product profitability(identify 20% of products that make 80% of the profit) • Supply chain mapping – looking for opportunities to eliminate non value adding complexity and waste
Innovative Approach	<ul style="list-style-type: none"> • Business lacks focus • Resources spread thinly • High “cost of change” degrades overall profitability 	<ul style="list-style-type: none"> • Identify business focus areas for innovation • Implement a light touch new product development process • Prioritise projects using clear business owned criteria • Stop projects that don't meet agreed criteria
Informal Processes & Structure	<ul style="list-style-type: none"> • Slow/unclear decision making • Unclear levers to pull • Poor data quality and Management Information • Disrupted customer journeys degrading customer experience • Very difficult to implement IT / system solutions required to support growth 	<ul style="list-style-type: none"> • Identify the critical business processes that drive business performance & profitability • Map customer journeys and identify pain points • Develop Integrated process model for the business (simple visualisation describing how the business should work) • Implement process management & process improvement activities in key areas

Some Case Studies

A few case studies below illustrate specifically how we have successfully helped SMEs across a variety of sectors address their particular challenges of growth.

Case Study – Preparation For ERP Implementation		Process Insight
Background	Service company grown rapidly through acquisition. Multiple IT systems and multiple ways of carrying out everyday business operations. Very high customer focus culture so increased complexity constantly introduced as service agents develop “work arounds” to ensure customer requirements met as effectively as possible. Business needs to establish solid process foundations as pre-cursor to systems replacement required to support future growth	
What we are doing	<ul style="list-style-type: none"> • Supporting process mapping, customer journey mapping, and identification of best practices to use as basis for standardisation • Implementing basic process management to support process change control and process improvement activities • Developing integrated process model (linked to Target Operating Model) to define “to-be” “process plumbing” for the business • Developing internal capability of business to drive optimised end to end process-redesign prior to systems replacement 	
Business Impact	Still work in progress but achievements so far include <ul style="list-style-type: none"> • Identification of process best practices to roll out • Identification of “quick win” process improvements • Development of Integrated process model • Capability development of project team, process owners and process champions 	

Case Study – Building A Lean Sigma Improvement Capability in an SME Environment		Process Insight
Background	Specialist supplier of innovative mobile security systems going through rapid growth. Informal management systems and processes no longer appropriate to meet needs of customers and business. Quality & service problems plus rework and waste resulting in degrading customer experience and lower profitability	
What we are doing	<ul style="list-style-type: none"> • Prioritising “Pain Points” and problem areas & selecting small number of high impact improvement projects • Building internal process improvement capability through tailored training of appropriate lean tools • Coaching teams through initial improvement projects to build confidence and ensure business benefits rapidly delivered • Implementing “light touch” governance process to engage all members of business leadership • Introducing some simple process management techniques to ensure ongoing process control, visual management, and improvement 	
Business Impact	<ul style="list-style-type: none"> • Several improvement projects successfully delivered in several business critical areas – Sales order processing, planning, engineering support, Equipment returns and warranty management • Over £200,000 of hard benefit delivered in first year (for investment of less than K£20) • Ongoing process improvement activities in place to tackle further problem areas 	

Case Study – Exploiting Lean to reduce order backlog in Software Design	
Background	Successful software development company growing rapidly. Very high backlog of customer orders leading to poor customer service and very long lead times. Poor customer experience likely to limit future growth. “Every order a good order” mentality
What we are doing	<ul style="list-style-type: none"> Using Value stream mapping techniques to understand current software design and delivery processes Understanding customer demand pattern Identifying pain points and problem areas Training in basic lean problem solving tools
Business Impact	<ul style="list-style-type: none"> Improvement projects launched Introduction of customer and order prioritisation tools Introduction of Kanban boards and “levelling” to assist planning and organisation of software design work Introduction of order segmentation into “Runners Repeaters, Specials” to help workflow and reduce bottlenecks

13 © Process Insight Consulting Ltd. 2012.

Case Study – Specialty Chemical Manufacturer Focusses Innovation	
Background	A rapidly growing manufacturer of speciality chemicals. Company success depends on the rapid design & launch of new products developments (NPD). A highly innovative & customer focused culture had resulted in the launch of a large number of product development programmes. Consequently technical resources were spread very thin, priorities were unclear, and NPD projects were not being delivered effectively
What we are doing	<ul style="list-style-type: none"> Design & implementation of market planning process to give strategic market direction to innovation & NPD Leadership workshop to select top 6 strategic NPD programmes Designed light touch Stage – Gate NPD process Designed Tools, Templates, and Governance Process Trained Leadership, NPD and Market Teams in Process Trained R&D teams in DOE as a key product design& optimisation tool
Business Impact	<ul style="list-style-type: none"> Much clearer focus on “vital few” development priorities More rapid NPD and increased return on NPD investment <p><i>“Process Insight have supported several key strategic programs in manufacturing, new product development and quality. Their involvement has helped a number of key individuals deliver much better and quicker results”</i> <i>(David Nuttall, Global Operations Director , ColorMatrix)</i></p>

11 © Process Insight Consulting Ltd. 2012.

Conclusion

The methods of process improvement can be tailored to work exceptionally well in the SME environment.

Evidence from our case studies has shown that businesses in many different sectors have used these techniques to significantly impact profitability

- Delivering returns that significantly exceeded their costs in less than 1 year
- Achieving overall returns on investment of up to 10 to 1

If you are going through business “growing pains” and are looking for some expert guidance on how to address them then please give Andrew or Andy a call.

Process Insight Consulting Ltd.
Stablehills,
Castleton,
Whitby,
North Yorkshire,
YO21 2DB,
UK
27144

Andrew Ruddick – 07785 927144
Andy Liddle – 07860 622166

About Us

At Process Insight Consulting we help you to design and implement tailored improvement programmes so that your company can respond quickly to changing market situations whilst minimising costs and maximising profit.

Our goal is to understand what you are about, what you need to achieve so we can guide and help you in practical and pragmatic ways to deliver sustained improvements. These typically include revenue growth and customer experience; quality or productivity improvement and cost reduction.

www.process-insight.eu