

Increasing Efficiency by Will Phillips and John Durel

Healthy organizations must blend a spirit of entrepreneurship and innovation with discipline and efficiency. Innovation without discipline may lead the organization to take unwise risks and waste precious resources. Failure to keep an eye on efficiency saps resources that could otherwise be used for innovation. Management's challenge is to integrate these two forces, which at times are at odds.

The most important element in the integration of innovation and discipline is to hire people who combine these two qualities. That is, seek to hire creative people who are self-disciplined.

Beyond that, managers should assess regularly how efficient the organization is. Inefficiencies often creep into the organization when work processes fail to change when the external environment changes.

The new husband asked the new wife why she cut off the end of the roast before putting it into the roasting pan when there was lots of room in the pan. She replied, "I don't know. My mother always did it." When the mother was asked "Why?" She said her mother always did it.

Finally, the new husband asked the grandmother. She replied, "When I was first married I had a small roasting pan and the roast would not fit unless I cut the end off."

Causes of Inefficiency

Work Processes

- Work has to be handed off too many times before it is complete. *Minimize or eliminate the need to coordinate or integrate work across functional boundaries. Design processes that can be accomplished by as few employees as possible – ideally one. Simplify the process, reduce the number of steps involved.*
- Work slows down because of incomplete or inaccurate information. *Build in controls so that work cannot be handed to a person unless all information is complete. (e.g. every purchase order must have the date filled in.)*
- There are too many layers of approval for a decision. *Push authority for decisions as close as you can to the person(s) doing the work. Provide criteria and guidelines for making good decisions, train employees in making good decisions, and trust them. Use mistakes as an opportunity for learning and improvement.*

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- The person doing the work is not the person who designed it, and finds it inefficient. *Empower workers to make changes to improve speed and accuracy. Managers should be coaches, not score keepers.*
- The person who has designed the work process does not understand the needs of those who will use the product. *Engage those who need and will use the product in the design of the work process. If possible, those who will use the product should also create it.*

Poor Quality

- Work has to be re-done. *Set standards and hold people to them. Target a 50% reduction in errors each month. If errors persist, assign the work to someone else.*
- Work must be checked, reconciled or inspected more than once. *Design processes so that one check addresses all problems.*
- The same problem is solved more than once. Solutions address symptoms, not causes. *Ensure that a problem is fully understood before implementing a solution. Get it right the first time.*

The Wrong Person

- The person doing the work does not have the skills or talent needed to do the work quickly and accurately. *Provide training if it is a question of skill. If talent is lacking, find someone else.*
- A problem or request is taken to the wrong person, someone who is incapable of addressing the issue. *Ensure that everyone knows everyone else's areas of responsibility.*
- A request or complaint takes too long to reach the right person, someone who can do something about the issue. *Minimize the "distance" between an issue and the person responsible by streamlining communication and pushing responsibility down and out from the center of the organization.*
- The right person is not available to do the work when it needs to be done. *Cross train. Eliminate "it's not my job" attitudes. Increase employee flexibility in responding to problems and opportunities.*
- The person charged with the task is unreliable and needs to be managed closely. *Hire only people who are self-motivated and self-disciplined. If you have to create a system to manage a person, you've got the wrong person.*

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Unclear Priorities

- All assignments are treated as equal, with no understanding of priorities. People waste time doing things that bring little value to the organization or its constituents. *Ensure that each employee understands the institutional priorities, and how specific tasks relate.*
- Too much time is spent handling urgent but unimportant issues. *Tailor responses to the situation. Assess how important the person or event is to the overall success of the organization.*
- Too much time is spent on support or behind-the-scenes work that adds little value to reaching and serving constituents. *Align all work to drive the organization toward its goals. Eliminate work that is done only because someone knows how or likes to do it. Re-assign people to more important tasks.*

Poor Systems

- Information is unorganized or not readily available when it is needed. *Create efficient systems for storing and retrieving documents and information. Eliminate paper where possible. Index files so that anyone can find anything.*
- Those who need to know don't get the word in time to act. Those who don't need to know are inundated by emails. *Design an internal communications system that is timely and tailored to individual needs and responsibilities.*

Outdated Equipment

- Work slows down because it must be done manually; or employees use old computers and automated systems that are slow and incompatible with one another. *Measure the cost of upgrading against the cost of inefficiency.*

Steps to Improve Efficiency

1. Announce the need and explain why.
2. Engage every employee in the quest for efficiency.
3. Select a work process, and ask a small group of people who understand how the work really gets done to analyze the process.
 - What is the desired result of this work task?

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- How important is this task to the success of the organization? Do we really need to do it?
- What slows the work down? Use the list of problems to identify causes of inefficiency.
- Who needs to be involved in the task? Can we reduce the number of people? Are the right people involved when they need to be?
- Do the people involved have what they need: sufficient authority, information, skills, talent, support, equipment?
- Can we reduce the number of errors?
- Can we improve the systems for organizing, accessing and communicating information?

Based on the group's analysis, have them redesign the work for greater efficiency.

4. Create incentives and celebrate progress.