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Ten Essentials of Business Part 1

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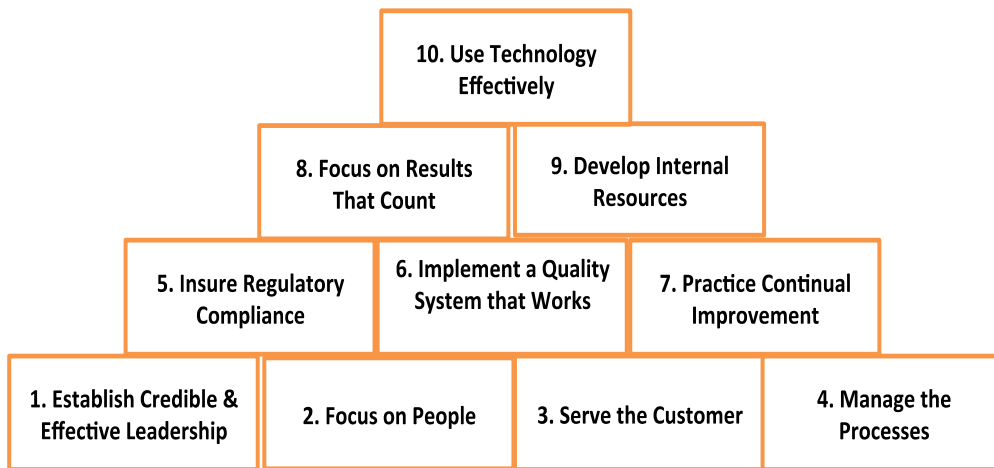
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Ten Essentials of Business Part 1

Proven Practices for Improving Business Management & Leadership

Davis M. Woodruff, PE, CMC

The Ten Essentials are:



Essential #1 Establish Credible and Effective Leadership

What is Leadership?

Leadership is about people while management is more about processes, products, services and tasks. According to President (and General) Dwight Eisenhower, "Leadership is the art of getting someone else to do something you want done because he wants to do it." Ultimately, leadership is about building relationships with people.

One definition of leadership is, "Directing others to get the tasks of the organization done on time and correctly."

Another definition of leadership is, "Providing a work environment that gets people to do what needs to be done because they want to do it."

Leadership involves people and relationships.

The #1 rule for leaders is "Integrity in all things." Don't do anything in your business, your office or online that you wouldn't want to see on the front page of the newspaper!

Without integrity in leadership and in all areas of business, collapse is certain. The question is just "When?"

Five Questions to assess leadership in your organization:

1. Do our leaders lead with integrity?

Integrity is how we do things no matter who is watching or not watching. Integrity involves the basic character traits that demonstrate our honesty and commitment in all areas of life. It is a function of "who we are," and is the demonstrated character we show others. Effective leaders guard their integrity- it's easy to lose and impossible to recover.

How Leaders demonstrate integrity:

- Do what is right morally and legally
- Possess high personal moral standards
- Being honest in word and deed
- Consistently demonstrate sound moral judgment and behavior
- Put being right ahead of being popular
- Don't focus on pleasing everyone with their decisions and actions

2. Are leaders at all levels in our organization credible and competent?

The most solid foundations in an organization are built on the trust of the people in their leaders. Leaders must make every decision in the light of maintaining their credibility. Competence of leaders can be an issue if "the good ole' boy" system is used to move people into a leadership position as opposed to having effective selection criteria.

3. Do leaders at all levels demonstrate concern for the people they lead?

People know very quickly if their leaders are not sincere or are being manipulative and you can be assured poor performance will follow.

4. Have leaders defined and communicated the basic work expectations for everyone who reports to them?

This is the most fundamental of all leadership tasks. People have a right to know what is expected of them. These are the five or six key requirements for success.

How to do it:

- List and clarify
- Communicate
- Eliminate “MRM”—Mind Reading Management
- It doesn’t work!
- Confusion or clarity....you get to choose!

5. Do our leaders set the proper example?

Leaders must set the example in work behaviors, work ethic, ethics, integrity and yes, even in how we dress for work.

You may say this is too basic. Well, for those who remember it, the Green Bay power sweep was simple but when run to perfection it worked every time!

Leadership is about fundamentals not about the latest and greatest fad in the workplace. Fads come and go, but credible and effective leadership is built on a solid foundation of trust, values and principles.

Survey Reveals Honesty as the #1 Characteristic of Effective Managers

Management Methods, Inc. conducted a survey of supervisors and managers across the U.S. and the survey revealed *the #1 characteristic of effective leaders is HONESTY!* (Source: Survey by Management Methods, Inc. of over 500 supervisors & managers throughout the U.S.)

As a part of our research we asked people to identify the qualities or traits that leaders needed to be effective in the workplace. The results indicated the following leadership qualities or traits are essential in today’s workplace:

- Honesty/Integrity
- Fairness
- Competence
- Outgoing personality; communications skills
- Decisiveness
- Enthusiasm
- Salesmanship
- Teaching/coaching ability
- Planning and organizing ability

Based on our research, and three decades of experience, timeless principles for leaders are:

Timeless Leadership Principles

1. Lead with Integrity
2. Accept Responsibility
3. Set Goals/Implement Plans
4. Respect Individuals and Families
5. Expect Results
6. Be Sincere
7. Continue to Learn

Four simple, powerful strategies can revolutionize your leadership effectiveness:

1. Get to know the people in your organization; build relationships based on trust. This takes some time and effort, but in today's high tech fast paced society, work may be the only place some folks get much recognition. Make it a priority to know your people. Trust is the key to solid relationships whether in the family or at work. That simply means that honesty and integrity are essential to building trust. Often times it is just as simple as doing what you say you will do. For example, if you promise to get back to someone on an open issue, do it when you say you will.

2. Define Expectations for each person, clearly communicate and follow-up. One of the leading causes of frustration and poor performance is unclear expectations. It is the responsibility of the leader to clearly identify, define and communicate the basic work expectations. If you haven't done it or it's been a while DO IT NOW. Take out a sheet of paper, write the names of your employees in one column and then write your expectations for each one. Now the hard work begins. Meet with each one face-to-face and go over the expectations. It works, but it is work to do it.

3. Be consistent and persistent in learning and applying leadership skills. Leaders should set the example in learning and applying skills. Do you have a personal development plan for the year? If not, create one now and follow-up. What skills do you need to develop this year? Do you need to learn active listening, how to talk with employees one-on-one, how to develop the strategies for the organization? You get the idea. Again, it's up to you, just do it!

4. Lead People and manage processes and products! Leadership is about people and management is about processes, products, services, procedures, resources and tasks. Too often we confuse these and try to manage people. Here

are some ways to lead more effectively: focus on the vision and strategies for the organization; take effective corrective action when problems occur; demonstrate that quality, safety and environmental issues are important in your decision making; insure that adequate training is being provided and evaluate performance of each person in the organization.

Essential #2 Focus on People

In Essential #1 we learned how to become an effective leader and learned that leadership is about people. Continuing that thought, a focus on people is the second essential for being the low cost high quality leader in your industry. *So, how does an organization focus on people?* In our 'instant' society it can be a challenge to take the time to really build relationships within an organization. Relationship building and proper staffing are the paths to an organization having a people focus.

What People Want From Work

For decades numerous surveys have revealed that universally people want to be appreciated for what they do, be a part of a team and be paid fairly. In recent years it has become even more important for organizations to focus on these three priorities to help employees be more productive at work.

Another recent survey by Management Methods clearly showed that people want their bosses to:

- ✓ Show compassion
- ✓ Listen to ideas and concerns
- ✓ Care about them
- ✓ Clearly communicate
- ✓ Hold people accountable

When you think about it, all these expectations are simply another way of saying focus on people to be successful. All of these take time and must be a priority for leaders and managers in organizations today.

Five Ways to Focus on People

1. Be sure that everyone in the organization knows what is expected.

This step simply lets people know you care about them and their performance on the job. It also communicates that you know what should be done in the business.

Practice "*MBE*" or *Managing by Expectations*:

- Define and clarify expectations
- Communicate expectations to all employees one on one
- Monitor results—not activities
- Take action when expectations **are** met—praise and thank
- Take action when expectations **are not** met—correct the problem

2. Involve people in decision-making. When people are involved in making decisions that affect them and the company, they feel more 'ownership' and will usually go the second mile to insure success. Of course, it should go without saying that involving people also taps into the brainpower of the workforce.

3. Provide routine performance feedback. People generally come to work and do all they can to satisfy their boss. So, it is essential that bosses let people know 'where they stand' by providing routine feedback. This is not the annual performance review, but rather the frequent comments about performance and 'thank you' for a job well done as well as discussions of performance issues when they arise.

When expectations are met:

1. Reinforce desired performance
2. To improve performance try saying "Thank You!"
3. Appreciate people for what they do
4. The paycheck is not all there is to work!

When expectations are not met:

1. Deal with it, don't procrastinate
2. Facts not opinions
3. Document the real issue
4. Clearly communicate with the employee
5. Ask "Why?"
6. Ask "what will you do to correct the situation?"....don't take that "monkey," let the employee carry it around
7. Set a follow-up date and follow-up
8. Be firm, but show compassion
9. Do not tolerate poor performance, it can affect the entire organization

4. Treat all people with dignity and respect. Successful leaders work to earn the respect of the people who report to them and of the people with whom they interact. This means supervisors, employees, co-workers, customers and suppliers. The attitudes employees develop towards their bosses are based upon the qualities and actions of the person in charge. The "in your face" shouting at people in front of their peers just won't get it today! That's a quick way not to be regarded very highly in the work place. The 'top secret' is to treat all people with dignity and regard them as individuals. Really, just treat others like you want to be treated to paraphrase the "Golden Rule."

5. Identify the core competencies and provide training as needed. While effective training, or professional development, is an important element of a

successful business operation, training needs are rarely examined systematically while considering the required competencies for the jobs in the organization. The keys to determining training needs:

- ☐ Know your present situation
- ☐ Identify required competencies
- ☐ Involve employees
- ☐ Survey, discuss and analyze actual data
- ☐ Prepare specific employee development plans
- ☐ Implement the plans

The organization is responsible for providing training to enable employees to be successful and thereby insure the success of the business.

Five Things Not To Do

A focus on people means that leaders will never do certain things or exhibit certain behaviors. There are at least five.

- ☐ Never discipline or criticize an employee in front of others.
- ☐ Never show favoritism.
- ☐ Never jump to conclusions.
- ☐ Never lose one's temper.
- ☐ Never meddle in the personal affairs of employees.

Keep Top Performers Performing at the Top:

1. Make the work as interesting as possible. The simplest, most powerful thing a manager can do in making work interesting is to involve people in the decision-making process as mentioned earlier. This means that we are using the "brain power" of our people instead of just the "muscle power." It is not a new concept. It is still an issue in many organizations today. Another step is to encourage questions from employees. Questions sometimes indicate what people are thinking about their jobs. Remember, the job counts. Job enrichment is another way of making the work interesting. It requires managers to study people and processes involved in the work place and try to improve the processes with a people focus.

2. Clearly define and communicate expectations. A key to improving the motivational climate in many organizations is for managers to define expectations for each employee and to clearly communicate them to the individual. Most organizations have the potential for greater gains; few will realize them. Why? Because few managers possess the capacity or feel compelled to establish high-performance improvement expectations in ways that

elicit results. The need for clearly defining and communicating expectations has grown. Technology has increased the speed in which work is accomplished. Defining and communicating expectations is a basic tool that should be used to improve the motivational climate.

3. Remove hassles from the job. Little things in the workplace irritate employees. This is similar to the discomfort caused by a tiny rock in your shoe. Nothing is right until you remove that rock. Until the "hassles are removed" the workplace is uncomfortable. What are some examples of these hassles? Over-commitment to schedules, artificially imposed deadlines, no long-distance phone calls home when you are traveling, monthly reports and vending machines that don't work are all examples of hassles that employees have to endure. Recently, a manager in a Fortune 500 said that to cut costs, employees traveling were no longer allowed to put lunch on expense vouchers. "The thinking was that you'd eat anyway if you were here, so why should the company absorb this cost?" For a very small "cost savings," this organization may be sending an unintended message to employees. This is such a hassle to many employees that they are probably busy figuring out ways to pad their breakfast and dinner meals to cover lunch. Other "hassles" involve issues such as space, time and work schedules. If employees are involved in identifying "hassles" and then presenting a plan to remove them, you may be amazed at the productivity improvements.

4. Relate rewards to performance. Employees often see little relationship between the paycheck and performance. Employees look around and see that the peak performer and the average performer all get the same pay. This does not motivate the below-average performer to become a peak performer. It may have the opposite effect of pulling everyone to the average. Well-intended, but poorly implemented profit-sharing programs may also fail to motivate. Specific rewards do not relate well to specific performances.

5. Provide rewards and recognition. Even if you are not in a position to establish pay policies, you can still provide certain rewards and recognition. How about allowing an employee to leave 10 minutes early to avoid traffic jams when certain expectations are met? It is a simple reward that you are able to use. In other words, be creative and look for ways to recognize and reward people. Recognition in its simplest form is knowing your people and speaking to them every day.

6. Treat employees as individuals. Today's fast-paced society is a world of "anonymity." Many people feel they are only numbers. To overcome this feeling, supervisors must get to know individual employees. They must talk with them, listen to them, learn about them, and what's important to them and their families. Supervisors say, "I don't have time to do all of that and supervise this organization or manage this department."

7. Encourage teamwork. Most people are familiar with many different kinds of teams. Often teams in the workplace are groups that never "gel" as a team. It is important that people understand how teams work and what is meant by teamwork. The clearest example of teamwork is an orchestra or band. When a member is missing the whole is not complete, because every member participates. In football only 11 members of the team are on the field at any one time, yet there may be 60 on the sidelines. The workplace should be more like the band-everyone participating all the time. Organizations say they encourage teamwork when systems and procedures segment the work and set up scenarios that discourage teamwork rather than encourage it--recognition systems can become this way if we are not careful.

8. Provide accurate and timely feedback. Feedback is defined as "relaying of the measurement of actual performance back to the individual or unit causing the performance so that action can be taken." This means that supervisors measure the work being done in their units and provide specific information back to individuals responsible for the

9. Give frequent, small doses of positive reinforcement. Many supervisors feel the only way they can get through to their employees is via the paycheck. However, we have at our disposal, a free and easy way to get our employees' attention: praise. Personal praise given with sincerity is one of the most powerful tools that a supervisor has at his or her disposal. Look for reasons to praise employees. As mentioned, effective feedback is specific, sincere and timely. Managers are not limited to the types of positive reinforcement that can be used. Create new ways within your organization. Some examples are: writing thank-you notes to employees who do something exceptional, publicly posting feedback from customers, sending a letter home, publicly saying thank you for what you have done. In other words, publicize everything positive that you can find.

Remember, praise must be deserved or it is "devalued."

Essential #3 Serve the Customer

The first step in serving your customers is to serve your employees. Poorly served employees will provide poor customer service. Make it a priority to get to know your employees better and to serve them more effectively as their leader so they will provide good experiences for those who grace your business with their money.

Who is a customer?

A customer is anyone who gets something from you. Now, that may seem too simplistic, but it fits. The next step in providing outstanding service is to know both the internal and external parties who “get something from you.” For example, internally, the folks in shipping may be those who get stuff from the warehouse folks who pull products from the shelves. In another organization, like retail, it may simply be the person who comes in the door to make a purchase.

Knowing your customers includes knowing their specific needs, likes and dislikes. For example, one may prefer deliveries between 9 and 11 a.m. While they may take them later in the day, they prefer morning. If your competition can guarantee morning delivery, you could lose the business simply because you didn't understand their likes and dislikes even though they weren't a part of your contract.

Knowing those who do business with you may include personal information that allows you to build relationships that will help you over the rough spots when problems arise, as problems will most likely arise over time. Recently, I had a conversation with a person in an organization that I've served for over two decades in a variety of consulting and training engagements. This conversation dealt with personal and family stuff not just business. Because of the relationship that has been built while providing results that met expectations and by building relationships when a need arises they will call me again. Business is about relationships as well as products, services and costs.

In one organization the plant operations personnel (i.e. hourly or “line” workers) visit businesses that buy their products along with sales personnel. When problems arise, relationships have been established that can help communications and problem solving. This is just another illustration of how you can apply these principles to your organization.

Seven Golden Rules of Customer Service: Lessons from a 'country store'

Customer service was a priority in the old fashioned country store where customers could buy anything from chicken feed to meat to clothes to gasoline.

Common sense customer service principles were drilled into me years ago in the original “C-store”— the Country Store known as Miss Dot’s Grocery, Rt. 1 Hayneville, Alabama. It was our family’s business.

Seven common sense principles, while simple, were very clear to all of us at Miss Dot’s Grocery. Later, these same principles formed the foundation for consulting with companies in the convenience store and retail sectors, yet they are applicable to any business because all businesses have customers to serve.

To illustrate several of these lessons, let me share an example about some specific customers. There were certain customers who bought only two items, corn and sugar. (Yes, some of you remember how these two raw materials were used.) These customers had certain times of day to make their purchases and it wasn’t during normal hours. We knew the customers and their needs, so we were available when they needed to make purchases, even if it was late at night. This simple example illustrates several of the golden rules of customer service.

The **Seven Golden Rules of Customer Service** are:

1. Be there when your customers need you
2. Know your customers
3. Never let your business systems dictate how you do business
4. Treat your customers like they are important because they are
5. Quality counts in the product and the service you provide
6. Value is what the customer wants, not just price
7. Appreciate your customers

#1: Be there when your customers need you. The hours of operation of Miss Dot’s Grocery were from around sunrise to about an hour after dark, depending on the season of the year. Of course, these hours were adjusted somewhat on weekends. We generally stayed open later on Friday and Saturday evenings when folks were getting paid; and opened a bit later on Sunday mornings, usually around 7 a.m. Yes, we were open 7 days a week, everyday of the year.

When you consider your business, whatever it is, think first about your customers and when they need you as opposed to what hours you’d prefer to open.

#2: Know your customers. In today’s high tech and impersonal society, it is essential that business owners and operators get to know their customers. Think about the situation mentioned above with our late night customers. We knew the customer, their needs and how to serve them. In other cases, we would know the needs that some customers had related to monthly cash flow, which provided another business opportunity. Customers could bring their electric bills to us and we’d collect a number of them, write one check and then add the amount to their

credit statement each month with a small service charge. Now, this is probably not too feasible today, but the point is very relevant. Customers like to be known and like to know that you will try to meet their needs.

Knowledge of your customers coupled with actions that let them know you care can result in an improved bottom line due to customer loyalty and goodwill spread by your customers.

#3: Never Let Your Business Systems Dictate How You Do Business.

Don't you just hate it when you hear someone in a business say something like, "our system won't allow us to do that" or "with the current inventory system, we cannot make that exchange without several additional steps and you'll have to wait until next week?"

Obviously, in a small country store we could not stock huge inventories of every item folks would need or want. However, we could get most anything someone needed or desired given a few days. Everyone in the community knew they could come in and request something and we'd attempt to get it. That's just good business sense and practice.

Don't let inventory order points, computer systems or other business systems interfere with meeting customer needs. It is your business, change the systems, don't let the 'systems' dictate how you run your business!

#4: Treat your customers like they are important because they are. In our intense world customers can easily become a distraction, an interruption or an inconvenience if we allow it to be so. Businesses must work to insure that customers are treated with respect and dignity and like they really matter. That can be a difficult task for the employee in a retail business today, because sometimes they are thrown out to the public with little or no training or don't have the maturity to understand the importance of the customer. Sometimes customers can be rude and unreasonable, but that is the exception so let's concentrate on the normal everyday customer. Customers deserve respect and interest when they come into a business, after all, it's their money they're spending.

Sometimes in our little store the oldest and seemingly the dirtiest of farmers would come in and buy a few items, but when they wanted to buy "big groceries" they went to a larger store in the city. Yet, we were expected to treat that person just like the customers who bought nearly everything from us.

Every customer should be treated with dignity when they come into a business, who knows how many people they may tell if they are treated otherwise.

#5: Quality counts in the product and the service you provide. Have you ever been in a restaurant and had good food but a bad experience because of the service? Most of us have and it illustrates the importance of both the product and the service quality.

At Miss Dot's Grocery we pumped the gas, bagged the groceries and carried them to the car. That was the minimum acceptable level of service. Sometimes, we checked the oil and washed the windshield too. The products sold in most grocery stores are similar; the service provided is what distinguishes one from another unless a person is buying simply on the lowest price no matter what.

Today, it is the service that goes along with the product. Some companies select whom to do business with based on criteria like quality, cost, ease of doing business and general satisfaction. So, be sure to provide quality in the entire experience for the customer.

#6: Value is what the customer wants, not just price. Today when customers come into a business they are looking at far more than just price in most cases. They are looking at the value of the product to them. For example, time is the critical factor today. People will pay more for a prepared meal that can be micro-waved instead of one that must be prepared "from scratch." The food industry is changing to meet this trend with high quality prepared foods, for example. The customer will pay more to have that convenience factor. The value is in the total experience, not just the price of the product or service.

#7: Appreciate your customers. When you go into an establishment and the clerk is talking on the phone and really doesn't acknowledge you except to take your money, how does that make you feel? Probably like "I won't be back." How do you build a loyal customer base? Sincerely appreciate your customers. How? Well, in Miss Dot's Grocery it was through simple acts of kindness in times of need; a small gift at Christmas time; an extra cookie in the bag of a dozen for the kids; delivering items when needed; you get the picture. One other thing, we were expected to say "thank you and come back or come again" whenever a customer left whether they bought anything or not. The \$0.15 cheese or bologna customer was shown appreciation like the large grocery customer or gas customer.

Practicing these ***seven golden rules of customer service will give your business a competitive advantage.*** Train employees in these principles and **apply** the lasting lessons. You'll see the results in your bottom line!

Assessing Customer Satisfaction

A business that relies solely on customer complaints to determine if customers are satisfied may lose customers and never understand what happened. Knowing if customers are satisfied is important to the bottom line. Surveys are not usually the most effective technique for determining customer satisfaction. A conversation with a customer where you ask them a few questions about doing business with you, or if they would buy from you again, or perhaps if they would recommend you to a friend will generally reveal whether or not customers are satisfied. Go the extra step and make a systematic effort to determine customer satisfaction. In a recent survey of over 300 businesses, our firm found that most people did not think customer satisfaction was improving. Do something about it, communicate with your customers and identify where potential issues could be and act on what you learn.

Essential #4 Manage the Processes

A process can be defined as a set of steps or activities that uses defined inputs to produce an outcome. While this may not be the real textbook definition, it is a descriptive working definition for businesses today.

In today's economy every organization needs to be focused on improving the outcomes of their processes. Now, is the time to work on process based management approaches in a simple, focused, common sense manner without a bunch of bureaucratic "hassles."

A process focus is about managing the "WTBD" or "Work to Be Done" using a systematic approach and also working towards continual improvement of these processes. There are seven questions, when carefully considered and answered by knowledgeable people in the organization can help achieve improved outcomes of the processes in your company.

Seven Questions Guide The Process Approach to Management

1. What is the work being done now? Sometimes businesses get so enamored with the latest and greatest fad they forget the basics of the real work to be done. This is a good time to take a step back and really assess the work being done in each process or business unit.

2. How is the work being done now? This is where you can review the procedures, or in the absence of written procedures clearly identify the steps being done.

3. What is the work to be done? Does what is being done (#1 above) match up with what is supposed to be done in this area, department, or group of activities.

4. How will the work be done? Once you have identified the work to be done, the procedures currently in use and reviewed them you are ready to clearly describe how the work is to be done going forward. If necessary write clear and concise procedures to guide the work. Procedures should tell what is to be done in a logical sequence while specific work instructions may be used to tell exactly how the work is to be done. Pictures or flow charts can be great tools to help you in developing the procedures.

5. How well is the work being done? This is where the metrics are defined so that real performance results can be monitored or measured. Focus on the desired outcomes and not on measuring specific steps in the work being done unless they are directly tied to the output.

6. How can the work be done better? Identify specific action steps that are required for doing the work better. Better may be defined as more output per given input (yield), less time, less waste, more money for the outputs...you get the idea. Focus on the metrics that need to get better.

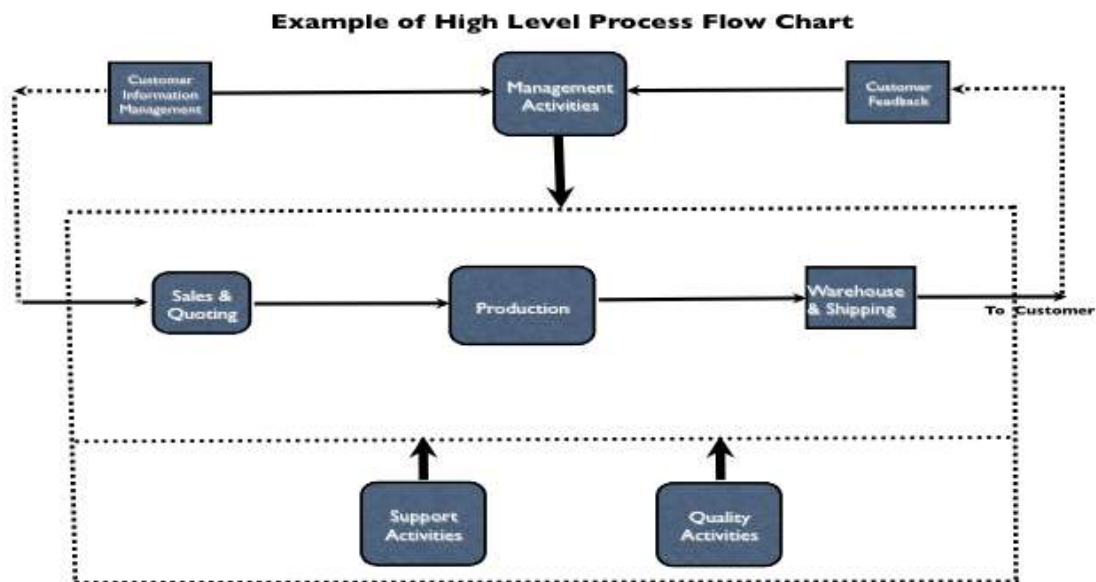
7. What are you going to do about it? This is perhaps the most critical question of all. Without doing anything to improve the process, all of the above actions have been a waste.

A word of caution is in order. Businesses are made up of a variety (system) of processes that are linked together to ultimately produce the finished product or service. Be aware that the linkages or 'hand-off's among these processes are often times where trouble can occur. It is vital that businesses identify all of the processes, their sequence and how they relate to other processes. Then, managing the processes becomes how you actually do business.

Focus on the System of Processes, Each Process & Process Linkages

Process Focus

To understand your processes more in depth, begin by identifying your core processes and then flow charting the overall system of processes at a high level. Next, create a flow chart of each process at a more detailed level. This can be readily accomplished by utilizing a team of knowledgeable personnel with the assignment to flow chart the business processes. Be sure to include information flow and process monitoring and measurement. To illustrate with an example, a high level flow chart of your business might look something like this:



Next, create a detailed process flow of the core processes identified to include all steps and hand-off or linkage points.

Shifting to a **process focus**, encourages work on problem prevention and maybe even revising the process for quantum leap improvements.

A simple first step is "Process Analysis for Understanding." Here is an approach that has proved to be effective in many situations. First is an outline of the technique, followed by a worksheet that gives you a tool for gathering and using the information.

Process Analysis for Understanding

What?

- Aids in analyzing processes
- Looks for inputs and outputs and linkages or "hand-offs"
- Focuses on how the work is to be done in a given process
- Prevents missing key information about a process

When?

- Use to study a process or nonconformities within a process
- A tool for continual process improvement and with PDCA
- Helps identify effective process improvements

How?

- ☐ Identify the Process
- ☐ List inputs and outputs
- ☐ Identify the steps (hint: develop a flow chart)
- ☐ Determine how the work is being done and managed
- ☐ Identify how the process performance is being measured
- ☐ Identify the **linkages** between processes (i.e. "hand-off from previous and to the next process in the sequence of processes)
- ☐ Identify how this process is measured or monitored
- ☐ Evaluate and document how the work can be done better
- ☐ Implement the improvements

Benefits

- ✓ Provides an orderly approach for process improvement
- ✓ Helps in simplifying processes
- ✓ Focuses efforts on continuous improvement
- ✓ Can be used on any process

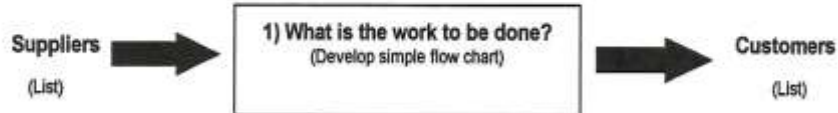
Process Analysis Worksheet (Example)

Management Methods, Inc.

Process Analysis Worksheet

Process: _____

Date: _____



2) How is the work being done?
(Process steps, problem areas and procedures)

3. How is the work being managed?
(Responsibility, accountability, expectations,
and communications)

4) How well is the work being done?
(Cost, speed or quality issues; key indicators)

5) How can we do the work better?
(Continuous improvement)

Process Analysis Team : _____



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Using Process Analysis Information

After the basic analysis is done, Cause-Effect relationships among process variables and product characteristics could be identified. A team that is knowledgeable of the process can work together to identify the top 3-5 **process variables that impact the final product**. Using the **Plan-Do-Check-Act** (P-D-C-A) cycle along with appropriate statistical methods, this team can begin to reduce variation in the process.

The shift to **process** thinking from traditional **product** thinking is a major step in improving business processes and managing the business as a system of processes. Establishing process monitoring and measurement criteria along with specific goals or targets is a key to success with process improvement (and is required in ISO 9001). This **transition** enables management and employees to make significant changes to improve the consistency of processes and simplify the "work to be done."

Essential #5 Insure Regulatory Compliance

Regulatory compliance is a challenge for many businesses today. The requirements generally include local, state and federal laws or regulations. Knowing all of the various requirements and any pending changes seems like an insurmountable task to many business owners. However, the lack of a formalized process for knowing, tracking changes and complying with requirements can lead to serious consequences. Fines or legal action can be a consequence of non-compliance.

This is not intended to be a comprehensive look at all the various requirements that can affect a business but rather to point out the need for a comprehensive process approach that will help you identify the relevant requirements, keep up to date and have a strategy to insure compliance.

The goals and importance of insuring regulatory compliance are really very straightforward:

- Stay out of jail
- Have no fines
- Have no Notices of Violations (NOV's)
- Stay in business
- Help your customers/clients prevent issues

Know What is Required

Establish a process for knowing regulatory requirements. Involve knowledgeable people and perhaps consider using an outside resource. They generally fall into categories such as

- Accounting/Financial/Taxation
- General Facility
- Environmental
- Product Liability/Safety
- OSHA
- Human Resources/HR Law

The financial requirements and tax requirements are usually handled by the accounting department or the outside accounting or tax counsel. The Sarbanes-Oxley (SOX) act has added to the reporting requirements and be sure to depend upon the accounting folks to meet all of these requirements.

General facility requirements may include facility emergency exit postings, evacuation plans, fire codes and sprinklers, building security, roadway

entrance/exits, lawn and landscaping, exterior signs and a host of other requirements. So, you get the idea that these are important to know, understand and comply.

Environmental requirements include factors related to air, land and water. This can range from stack emissions to parking lot drainage and almost everything between. For complex manufacturing operations this can almost require a full time person and at a minimum utilizing an outside consultant to identify all of the various rules, regulations and reporting requirements for your specific business.

Recently, while assisting a client with ISO 14001 Environmental Management System deployment we discovered that the facility manager had never obtained storm water permits from the local and state authorities that are required for all manufacturing businesses in the state. This is a simple case that illustrates how quickly it can become an issue.

Product liability and safety requirements usually require the services of specialized legal services. The point here is do not overlook it!

OSHA, or Occupational Health and Safety, is the government agency responsible for developing, implementing and insuring work place health and safety. The Code of Federal Regulations provides guidance, but once again this is a specialized area for which a business may need outside help in understanding all of the requirements. Some states have agencies known as "Safe State (or other similar name)" who will assist a company in understanding and complying with OSHA requirements.

Another simple case points out how this can affect your business. Do you have industrial lift trucks, aka fork trucks? If so, then there are specific training and licensing requirements for all drivers as well as specific inspections that must be performed.

Human Resources/HR Law is another specialized area of compliance. HR professionals and more specifically, HR Attorneys can keep you out of trouble here. It is beyond the scope of this course to even begin listing all the various HR legal requirements.

Insure Compliance

Compliance audits can become a part of your internal quality audit program in some cases. This is especially true for OSHA and Environmental requirements. However, people will need to be trained and appropriate checklists or other guidance documents provided.

Compliance audits generally involve verifying compliance with specific regulations or laws pertaining to every area of the business. Waiting until you are “caught” is not a good plan. Instead be pro-active and verify compliance and take corrective actions to insure continued compliance. Fines are an expensive way to do business.

The Five Critical Factors

1. A defined process to identify the legal and other requirements that must be met
2. A fully deployed process for knowing and updating and deploying requirements
3. Conducting routine internal audits of systems for compliance
4. All permits are up to date and valid for the current operations
5. An effective corrective action process is used

The Ten Essentials Checklist

Evaluating Your Business: Ten Essential Success Factors				
<i>by: Davis Woodruff, PE, CMC, Management Methods, Inc., Decatur, AL, davisw@managementmethods.com</i>				
Essential Factor	Does Not Meet Requirements	Meets Requirements	Exceeds Requirements	Comments
Essential #1: Effective Leadership				
1. Leaders at all levels are credible and competent	1	2	3	
2. Leaders lead with integrity	1	2	3	
3. Leaders at all levels demonstrate concern for their people	1	2	3	
4. Basic work expectations have been defined and communicated to all people in the org.	1	2	3	
5. Leaders at all levels set the proper example	1	2	3	
Essential #2: Focus on People				
6. Everyone in the organization knows what is expected of them	1	2	3	
7. Employees are involved in decision making	1	2	3	
8. Routine performance feedback is provided for all employees	1	2	3	
9. ALL employees are treated with dignity and respect	1	2	3	
10. Required competencies are identified and training provided and evaluated	1	2	3	
Essential #3: Serve the Customer				
11. Everyone in the organization knows their customer	1	2	3	
12. Customer requirements are known, defined and documented	1	2	3	
13. Customer service is a demonstrated priority by management	1	2	3	
14. Complaints from customers are documented and corrective action implemented	1	2	3	
15. We measure and communicate customer satisfaction	1	2	3	
Essential #4: Manage the Processes				
16. We have identified our work/business processes and their interrelationships	1	2	3	
17. Processes are documented with clearly written, up to date procedures	1	2	3	
18. Every employee knows and understands "the work to be done"	1	2	3	
19. Process monitoring and measurement is defined and understood	1	2	3	
20. Goals are established, deployed and results measured at all levels	1	2	3	
Essential #5: Insure Compliance				
21. A process is defined and implemented for knowing legal and other requirements we must satisfy	1	2	3	
22. We have an environmental management system fully deployed (ISO 14001 type system)	1	2	3	
23. We conduct routine internal audits and act on the results	1	2	3	
24. We have conducted OSHA, HR, SOX and other internal or external audits	1	2	3	
25. All permits are up to date and we have no Notices of Violations	1	2	3	
Essential #6: Quality System Essentials				
26. We have a fully documented and deployed ISO 9001 QMS	1	2	3	
27. Our quality system covers all areas of the business	1	2	3	
28. We monitor and measure products and processes	1	2	3	
29. Internal audits are done and results acted upon.	1	2	3	
30. Quality is a demonstrated priority in decision making	1	2	3	
Essential #7: Continual Improvement				
31. We have a systematic approach to continual improvement	1	2	3	
32. We make fact-based decisions	1	2	3	
33. Appropriate tools of continual improvement are utilized	1	2	3	
34. Results indicate effective continual improvement	1	2	3	
35. A documented corrective and preventive action system is used	1	2	3	

Essential Factor	Does Not Meet Requirements	Meets Requirements	Exceeds Requirements	Comments
Essential #8: Measure Results				
36. The major categories/causes of waste are known	1	2	3	
37. We know the actual cost of operations, quality, overhead and waste in our organization	1	2	3	
38. We have a planned continual improvement process and monitor our processes for effectiveness	1	2	3	
39. Profit and loss results are measured and reported to appropriate levels in the organization	1	2	3	
40. We use technology for work simplification	1	2	3	
Essential #9: Develop Resources				
41. A comprehensive training needs analysis and required competencies evaluation has been conducted within the past 2 years	1	2	3	
42. A training plan exists and is used for each job in the organization	1	2	3	
43. Appropriate training is completed when new processes, products, procedures or equipment are introduced	1	2	3	
44. Technology reviews are an annual event and we make provisions for updates and productivity improvements through technology applications	1	2	3	
45. Periodic resource, work environment and infrastructure reviews are done and documented to include facilities, equipment, utilities, support systems, budgets and personnel	1	2	3	
Essential #10: Use Technology Effectively				
46. We research technology applications for our business				
47. Employees understand processes before depending on technology	1	2	3	
48. Up to date equipment and/or processes are utilized	1	2	3	
49. Employees are learning new applications for technology and software	1	2	3	
50. We use technology for work simplification	1	2	3	
Total Score:				TOTAL:
Interpreting the Results:	>130 great shape, focus on continual improvement			
	95-129 you need some work			
	80-94 you need a comprehensive improvement process			
	<80 you're in real trouble			
NOTE: if any of the 10 essentials is <7, it needs work now!				

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