

# Three problems facing companies on process efficiency projects (1/11/17)

The main purpose of process efficiency projects is to understand which day-to-day activities can be done differently to improve the company's profit margins. In most cases it's the company itself that arrives at the decision to launch such a project, but sometimes the need is pointed out by suppliers, customers, or bankers. This article takes a look at three common practical problems arising on such projects.

## Problem 1. We don't know where to begin and what to strive for

Increasingly more Latvian companies are ranking process efficiency among their top priorities. On the other hand, the phrase "process efficiency" sounds quite broad, and so its perceived meaning varies from company to company.

We are also hearing the names of international methodologies such as Lean, Six Sigma, Kaizen, and 5S, which are not comprehensible to everyone and raise more questions than answers. One of the main questions is this: What's our goal (and where do we start)?

To answer this question, it's useful to devote one day for your management to sit down with people who are experts in all these methodologies and have experience of many practical projects at other companies in order to assess your maturity level and use a structured system of evaluation for determining where you are now and where you would like to be. A further benefit is that you set some real goals. After finding, for example, that your maturity is at level 1, it wouldn't make sense to strive for level 5 in the short term.

## Problem 2. Management want to change, but employees don't

Not everything on your management's to-do list is embraced by your employees. Another problem facing companies is direct or indirect resistance to change. Our experience suggests that in any process efficiency project the bulk of resources should be allocated to change management, which includes explaining, listening, motivating, encouraging, structuring, praising etc all the employees involved in the processes, instead of focusing on the implementation of technical solutions, development of procedures, analysis of process descriptions etc.

## Problem 3. Results achieved in the short term aren't sustainable in the long term

Unfortunately your initial enthusiasm begins to fade, and your good start is slowed down. To prevent this, we recommend that at the very beginning you regard process efficiency as a change of mentality and define it as one of your strategic long-term pursuits, not as a project. Using the maturity assessment mentioned above on a regular basis allows you to pat yourself on the back and enjoy what you've achieved in the short term, as well as considering what should be done going forward to make sure the fruits of your earlier labours don't disappear and to outline steps you want to take next.