CUSTOMER-DRIVEN OPERATIONS MANAGEMENT

ALIGNING BUSINESS PROCESSES AND QUALITY TOOLS TO CREATE OPERATIONAL EFFECTIVENESS IN YOUR COMPANY

CHRISTOPHER K. AHoy
Customer-Driven Operations
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Customer-Driven Operations
Aligning Quality Tools and Business Processes for Customer Excellence

Christopher Ahoy
To all my family and friends and to all those who asked me to write this book
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To all those who supported my endeavors and initiatives in the many places of my work life where I was privileged to lead five private and public organizations of very talented and dedicated groups, I thank you. My deep appreciation to many friends and colleagues for asking me to make a presentation at their companies, institutions, and conferences, which has continued to spark my enthusiasm in compiling this book. My heartfelt appreciation and thanks to all of you for patiently listening to my ideas on the concepts of becoming a world-class operation.

“Tashi Delay” in Tibetan means, “I honor the greatness in all of you.”

Christopher K. Ahoy
Ames, Iowa 2008
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“IN A WORLD populated with the regular and the ordinary so distastefully hyped to unimaginable levels of stature and reverence, your organization and its seemingly impossible accomplishments are . . . well . . . they’re more inspiring than you can imagine. The vision, foresight and single-mindedness of your efforts and those of your colleagues are, if you’ll pardon the cliché, amazing. And especially heartwarming to me is the level of genuine enthusiasm and pride you take in the well-deserved success you and the organization have achieved, though it does belie the extensive amount of energy everyone has expended to get you to the place you are. How fortunate for ISU your orbits crossed when they did—and how fortunate for the rest of us here in central Iowa we have someone of your stature right here in the 'hood as a colleague and unselfish contributor to our collective body of wisdom and experience of all things related to quality. . . . I look forward to learning more from you the next time our own paths cross. . . . Until then, stay the course—you're definitely on the right path.”

William E. Harris III, Director of Quality
ITA, Group Inc.,
January 12, 2006
WHY THIS BOOK?

By special demand! At my presentations, many attendees would ask, “Where’s the book?” I began writing late in the evenings after work beginning in 2003 and completed the first version in the spring of 2005. This is the final version.

Many have played a role in helping and urging me to write a book on what it takes to create a world-class organization. This book, *Customer-Driven Operations: Aligning Quality Tools and Business Processes for Customer Excellence*, is based on my lecture series. The initial intent of the lecture series was to educate staff members in the precepts of becoming the best they could be. I laid a foundation at the outset by developing a road map for our successes in a 12-year quality journey in the Facilities Planning and Management Department at Iowa State University. (See www.fpm.iastate.edu/worldclass.)

I faced many problems and issues in driving solutions, which I later learned were the same solutions many other organizations were seeking. The initiatives we put in place were in support of Iowa State University’s aspiration to become one of the best land grant institutions in the nation and one of the leading teaching and research institutions in the world in science and technology. These same initiatives appear to be ones needed by most other organizations aspiring to reach the pinnacle of success in becoming a world-class operation. At my many presentation venues my audience would ask, “How do we implement the processes that lead to a world-class organization?”

I learned many lessons during the course of implementing the best practices by following a persistent, consistent, clear, and compelling vision for transformation. I was fortunate to be in the right place at the right time. These circumstances helped me to formulate a theory and practice. The central focus has been to share the concepts of achieving world-class stature through “raising the bar” of high performance throughout the world. To engage with individuals seeking this pinnacle of success creates an atmosphere charged with excitement. Many changes are possible by leveraging
technology and using appropriate classic quality tools that fit any organization. Teaching and coaching an organization requires a clear vision of the future based on values. You teach employees and they teach each other, which solidifies their own knowledge.

Taking an organization through a value-based, organization-design, high-level, relationship-building journey is well worthwhile. It is my belief that any organization aspiring to become the best will have a competitive advantage over the competition. In a global economy, a competitive advantage is important. When an organization is moving from the survival mode to one that is thriving, it must have an agility that is primed to constantly shift its shape. Knowing just how is the key to creating a world-class operation to reach “customer success.”

I introduced paradigm shifts into our staff’s thinking and behavior; made cultural changes through many initiatives in the processes of continuous quality improvement and transformational methodologies; and changed the focus to processes rather than tasks. By leveraging technology, I made process improvements and moved our organization forward. (See Chapter 4 in this book.) This leveraging made possible the successes the department achieved by using continuous quality improvement and it also mitigated some of the resistance and the challenges posed by our “culture keepers”—employees whose mindset includes “if it works now, why change it?”

The processes used in the journey resulted in many inquisitive visitors coming to the Facilities Planning and Management Department, and making requests for information on how to attain world-class stature. As I shared our information with other organizations, they began their own continuous quality improvement journey to develop their own world-class operatives to fill their “gaps.” The feedback from colleagues and the recognition and appreciation for achieving successes in our quest brought additional visits to our ISU site and personal invitations to speak at many venues. We received many testimonials, accolades, recognitions, and awards along the way.
Since Iowa State University is a not-for-profit organization, we share our information freely. The sharing we do with various enterprises verifies that we are on the right track and moves us to continue our journey. That many people want to hear more about our “quest to become the best” boosts our energy to keep on doing what we do in the best interests of our parent organization (ISU) and ourselves.

“When an organization starts to question what it does and why it does it, it can begin to lay a ‘yellow brick road’ that will lead to its own long-term goals toward achieving the pinnacle of success.”

Seminars—Creating Awareness for a World-Class Operation
Ahoy, 1997–2007

As you navigate through this book, you will see that we have followed this road.
WHERE THE JOURNEY BEGAN

In the spring of 1997, Iowa State University’s (ISU) Facilities Planning and Management (FP&M) department began a 12-year quality journey to become a world-class operation. We devised a systemic way of looking at our organizational development involving system thinking and empowerment for our people. The task lay in establishing a direction for the organization to proceed into the future with a stated vision, mission, and core
values. For my staff, I chose a flatter organization at the outset, away from the traditional top-down command and control structure. I discovered that through pathfinding (alignment of the organization by looking at the system in its parts and as a whole) and by working on empowering people (finding a home for their talents and creating a safe environment), our people’s talents would flourish through volunteerism rather than conscription.

I focused on strengths and coped with our weaknesses while we moved away from a task focus to a process focus. I created a value-based organization by changing our culture through leveraging technology. Small groups can sometimes leverage effectiveness. We brought process improvement methodology aboard to help with cultural lag. We brought process improvement to the culture, not the culture to the process. I developed materials for several classes and wrote several articles to assist staff in explaining where we were going and why. The class presentations were geared to create awareness for a world-class operation and to gain the knowledge and skills necessary to engender workers to meet the challenges that lay ahead.

To create the desired high-level performance, I met individually with our staff members, as well as with members of peer institutions, professional associations, and other enterprises—private and public entities—in the process to create awareness for world-class operations. These meetings increased the number of those interested in creating a world-class operation and inspired many others to create world-class operations of their own. Interest in this subject matter has persisted and continues to demand a common source for information. People continually ask me to make this information available in written form, and they invite me to speak at their conferences throughout the world. These presentations created a hunger among individuals and audiences as a whole for a high level of performance in their own organizations.

It became evident that the various initiatives that I was inculcating into my own organization were not just what my organization
needed, but what others of similar inclination were seeking. Questions posed during these presentations were as follows:

1. How did you create the organizational climate for quality?
2. How were the quality visions articulated in your strategic plan?
3. What were the key drivers that pushed the vision with the core operation of the organization?
4. How do you measure individual and organizational performance and core competency?
5. What kinds of initiatives, objectives, and targets were put in place?

Whatever the methodology an organization uses for capturing its market share of customers, the primary focus of marketing is to test the waters of its competition to see what the organization must do to be in a position to heed the voice of the employees and the voice of the customers to meet or exceed its customers’ focus (see Chapters 6 and 7). Many people had a hand in developing the processes, but it has not been the practice for a single individual or department to be accountable for the overall process results. In a process-centered approach it is possible to remove the nonfunctional silos and look at complexity, fragmentation, lack of technology, layers of approval, lack of a process owner, redundancy, number of forms, degree of customer focus, cost of non-value-added activities, number of handoffs, and the reworking of some subprocesses.

The question often crops up, “Which should we be more concerned about, the quality of our products or services, or the quality of our business process?” Customers are five times more likely to be adversely affected by poor business results because of a defective process than by poor products and services, i.e., lack of ownership of an activity process and too many handoffs within the organization.

A process is a series of activities and events. Proper management comprises the art of handling the processes and using measurement tools to determine improvement over baseline performances. In a supply chain, or value stream, the process begins with the supplier and
ends with the customer. Generally known as a *value stream*, the supplier, input, process, and customer are a chain-linked, continuous operation in a linear direction. A process has a beginning and an end. A process consumes resources and requires standards for unbiased repeatable performance measurements. It responds to control systems that direct the quality, rate, and cost performances of an organization. To achieve a competitive advantage, we must monitor our processes constantly for improvement.

As Peter W. Keen wrote in the *Process Edge*, “Processes are the source of ‘firm-specific’ special competence that makes the competitive difference.”² There is no product or service without a process. Likewise, there is no process without a product or service. Process makes the organization. Some basic considerations of how an organization can better its processes are:

1. Consider doing the “right things” rather than just doing “things right.”
2. Eliminate unnecessary steps to conserve resources.
3. Ask better questions to get better answers.
4. Evoke moving processes faster, better, smarter, and less expensively.
5. Ask, are we protecting “sacred cows” that inhibit change and limit our success?
7. Convert inputs into results (outputs).
8. Require standards for repeatable performances.
9. Respond to control systems, which direct the quality, rate, and cost of performance.

At the process end of the organization, the members are focused on the essential concepts, methods, and tools needed to successfully manage work processes. These are the worker bees of the organization interested in producing the best products and services that they know how. It has been said that at the Toyota factory, as well as in other enlightened manufacturing process
organizations, the process level worker is empowered to stop the system if there is evidence of any flaw. Such a methodology is called error-proofing, or the Japanese term poká-yoke.

At the process level, the workplace organizational principles are clear and well understood. Workers are emotionally connected to key priorities set by the operations management leadership. Most translations must be made easy so the “line of sight” from job, team, etc., to key priorities is unobstructed to avoid mistakes and frustrations. Individuals and teams must be disciplined, diligent, and empowered workers with knowledge, capability, and capacity to perform the task for which they are trained—to take the “is” condition to the next level of excellence. Managers must remove roadblocks (this could include structural as well as cultural systems) that may have existed from time immemorial. Removing roadblocks will be the responsibility for both the top echelons and the process operational managers. Most process owners work best in a collaborative, synergistically working environment with trust and accountability to each other; and they are responsive to achieving prioritized goals. For process mapping from the current reality condition to the future state to the ideal state, see the next few pages.

You must create the situation for transformation through organization design (see Chapter 8). This is an approach to organization structures, incentive systems, business process design, operational fixes, and process improvement methodologies for promoting people. It guides the changing culture to the understanding of globalization, cultural diversity, intellectual capital, and knowledge capital; and it creates awareness of the limited resources on our planet through resource management.

Almost everything a company or organization does involves a process. In fact, everything that we do in our lives involves a process. “A process is any activity or group of activities that takes an input, adds value to it, and provides an output to an internal or external customer.”3 In a process mode, a management philosophy is needed to set the direction of an organization. Creating a total