

## Turning Strategy into Performance: Part 3

### October 2012 Newsletter

#### Get out of your own way.

Your systems and processes are an essential component of performance. When they work against the smooth flow of work, your people have virtually no chance of accomplishing their goals and executing the organizational strategy. And yet this is the sad state of affairs you find within many areas of organizations.

At Kinko's, real estate acquisition for new stores was once handled by operating managers in the field. In a misguided attempt to improve efficiency and accelerate expansion, the company centralized the process of identification, assessment, valuation, and purchasing at headquarters.

Needless to say, this change worked against rapid execution. The new process required signatures from six levels of management, slowing it to a crawl. Acquisitions took, on average, much longer to complete, and the company lost a number of deals due to the glacial pace of the bureaucracy.

In his book *Reengineering the Corporation*, Michael Hammer tells how IBM Credit Corporation improved its credit issuance process. It took the company from six days to two weeks to issue credit, and often they would lose customers during that time.

“ Executives took a financing request and walked through all five ladders in the approval process, asking personnel in each of the five offices to put aside what they were doing and to process this request as they normally would, only without delay of having it sit in a pile on someone's desk. They learned from their experiments that performing the actual work in total took only 90 minutes. The remainder—now more than seven days on the average—was consumed by handing the form off from one department to the next. ”

Eventually, IBM Credit replaced its specialists—the credit checkers, pricers, etc.—with generalists. Now instead of routing an application from office to office, one person handles the entire application from beginning to end, and the whole process takes hours.

#### Questions to answer:

- **How many handoffs do you have in your major processes?**
- **How many internal approvals are needed for your common transactions?**
- **How often do you have to re-enter or re-format data in your major processes?**