

Lean Service and the Future of Help.

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President

Transform

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see business differently

The Future of Help: Agenda

It all starts with the customer

The customer challenge.

What type of service climate do you create today?

Exercise to discover the principles at work in your business.

How discovering the 'Customers' purpose can redefine your business

The route map to purpose.

The Customer Value Compass.

Understanding your customers CORE demand.

Evaluating your end-to-end performance.

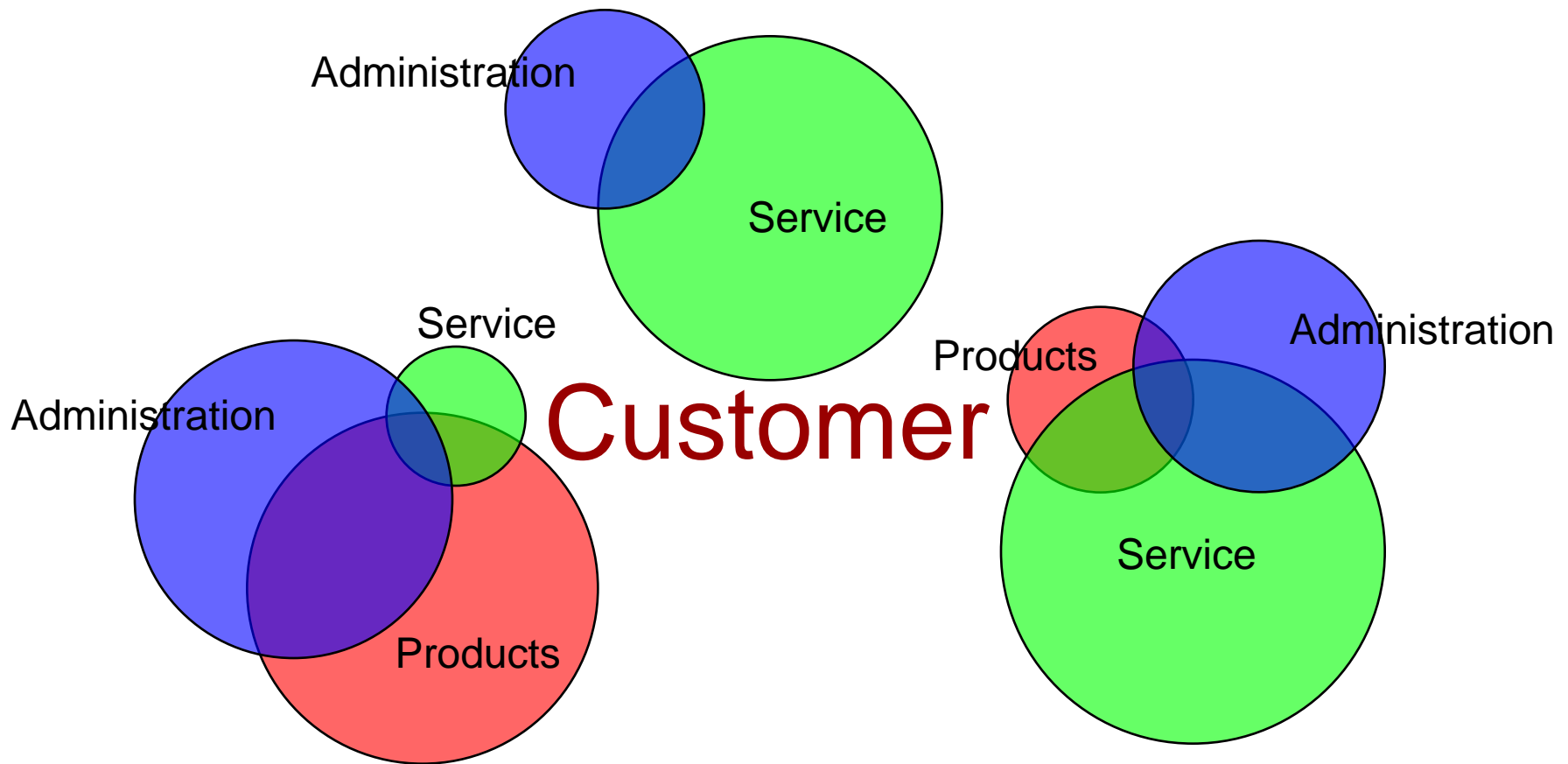
Exercise Selecting measures and targets for Value.

Engaging Customers: Case study examples (Delegates to select one)

1) Outsourcing 2) Telecoms Services 3) Parcel and Document Delivery

**Lean Production + Lean Administration +
Lean Service = Lean Solutions.**

Different organisations require different Lean deployment plans and solutions



So, lets start with the customer.....²

The customer challenge:
Customers don't have time.....they say things like:

Solve my problem, completely.

Don't waste my time or cause me hassle.

Minimise the cost of doing business with you.

Provide exactly what I need and deliver value where I need it.

Reduce the number of decisions I must make to resolve my problems.

Don't get me to help you, I want you to help me!



What type of experience do you create for customers, employees and managers?

Company **pushes** products and services **ON-COMMAND**
Customers and employees are designed out

Make and Sell Organisation (Mass Production)

Transactional
and processed

Incentivised
contribution

Functional
efficiency

Direct
and control

Customer experience

Employee motivation

Support operations

Executive leadership

Relational
and personal

Willing
contribution

End-to-end
effectiveness

Listen
and adapt

Sense and Respond Organisation (Lean)

Customer **pulls** products and services **ON-DEMAND**
Customers and employees are designed in

Mass production work principles compared to Lean work design principles (Short Version)

Make and Sell Principles (Mass)

Business as an efficient mechanism for making and selling offers to well-defined market segments.

Design product variety and individualisation out

Design batch and queue work flows

Design functional measures and targets

Specialist groups are responsible for learning

Engage the wisdom of the hierarchy

Sense and Respond Principles (Lean)

Business is an adaptive and learning system for responding to unanticipated requests in unpredictable environments.

Design product variety and individualisation in

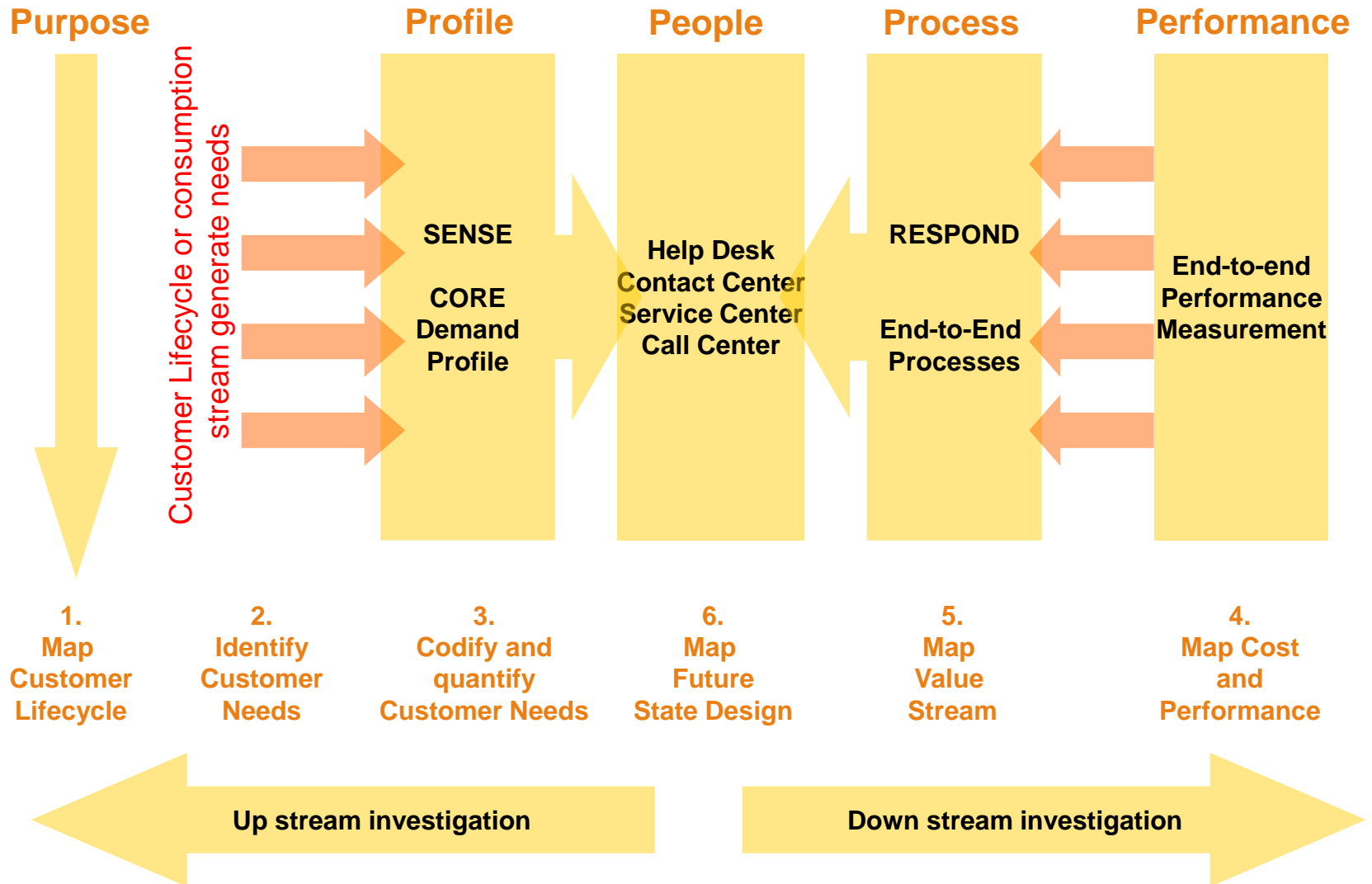
Design continuous flows of work

Design end-to-end measures and targets

Front-line are responsible for learning

Engage the wisdom of staff

Six Steps to discovering purpose.



The Operational Leaders Customer Value Compass

The following principles must be at the heart of every service and operational leaders day-to-day business:

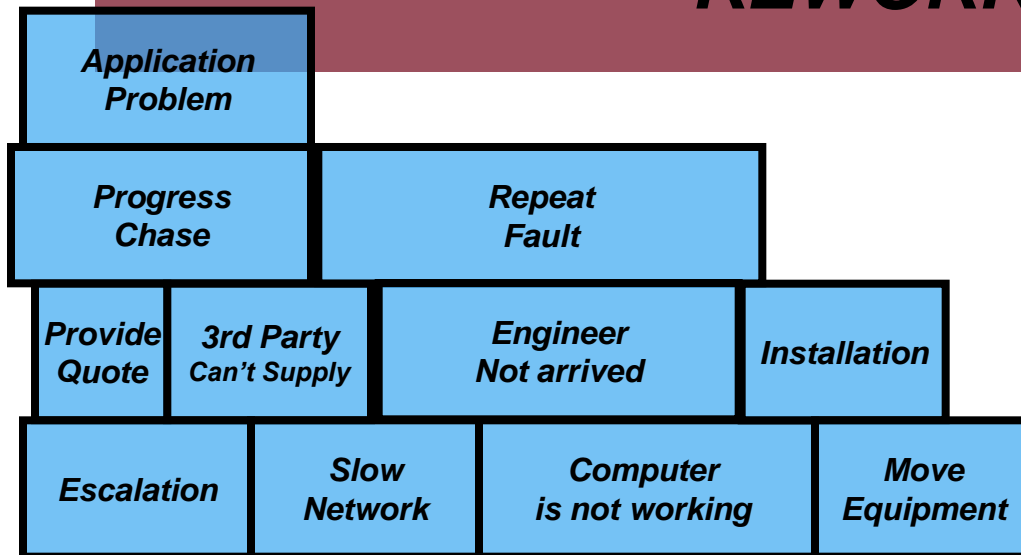
1. **C**reate value for customers while optimising the end-to-end delivery process.
2. **O**pportunities to create new value must be identified continuously.
3. **R**emove the causes of bad customer experiences and organisational re-work.
4. **E**liminate any dependency on external failure. (Processing waste created by other companies)

If we have the compass where do we find the map?



VALUE WORK BIN

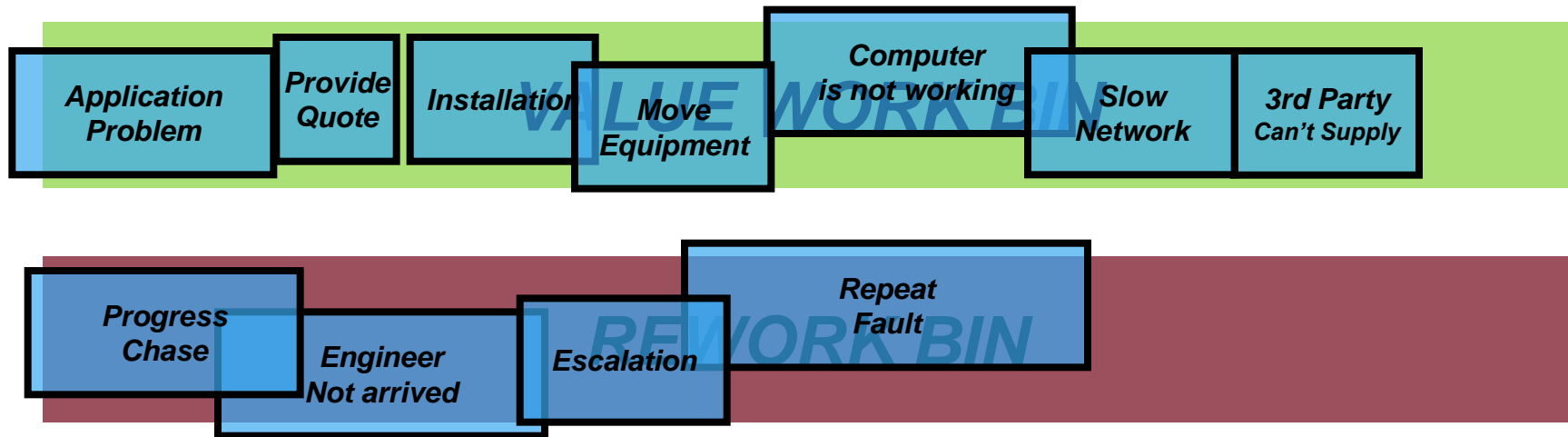
REWORK BIN



Imagine service work arriving in different size boxes containing different types of work, your job is to sort them into the value and rework bins for processing.

Purpose: Customer Value = Fix my IT

Good old 'Cost of Failure' model (Traditional approach)



**Failure to respond correctly
created 40% more demand**

*Eliminating the rework is business as usual done better
and you don't even need lean to do it.*

*The perception of fixing things as value work has not
changed. Offerings to the customer have not changed.
This thinking supports a world wide failure industry.*

*Imagine service work arriving in different size boxes
containing different types of work, your job is to sort
them into the value and rework bins for processing.*

Purpose: Customer Value = Fix my IT

CREATE VALUE BIN

OPPORTUNITY TO CREATE VALUE BIN

RESTORE LOST VALUE BIN

EXTERNAL LOST VALUE BIN

*Application
Problem*

*Progress
Chase*

*Repeat
Fault*

*Provide
Quote*

*3rd Party
Can't Supply*

*Engineer
Not arrived*

Installation

Escalation

*Slow
Network*

*Computer
is not working*

*Move
Equipment*

Customer Purpose = Business Outcomes

Provide
Quote

Installation

Move
Equipment

CREATE VALUE BIN

Nothing in here because no one was looking

OPPORTUNITY TO CREATE VALUE BIN

Application
Problem

Engineer
Not arrived

Progress
Chase

Repeat
Fault

Computer
is not working

Slow
Network

Escalation

3rd Party
Can't Supply

EXTERNAL LOST VALUE BIN

***Customer Purpose Defines Value,
What was once seen as Value is now seen as WASTE
all in addition to the 40% rework.***

There is no value in fixing symptoms. Fix the Road not the Tyres.

Customer Purpose = Business Outcomes

CORE Profile, Cost Matrix and Performance: International conferencing company

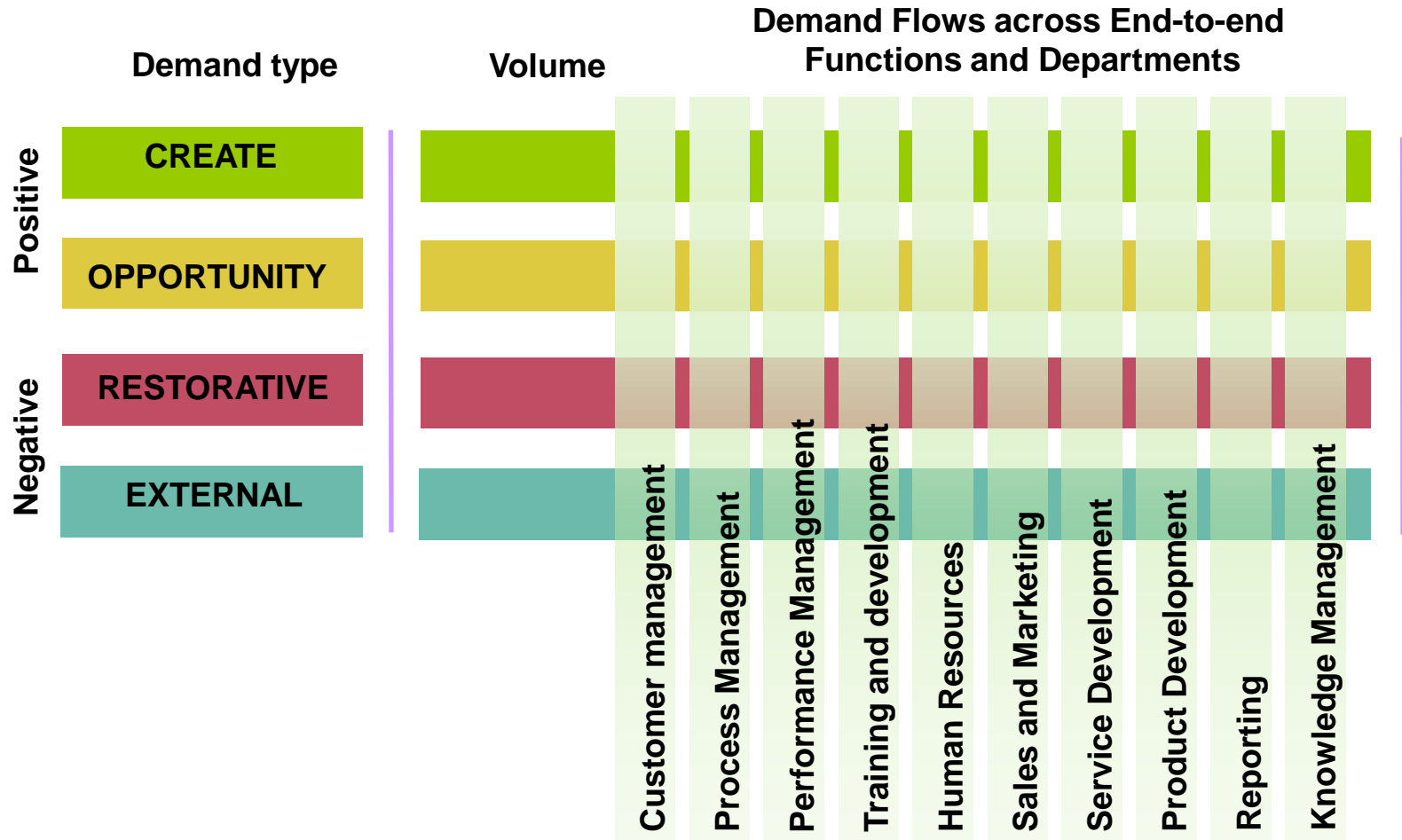
Demand type	Volume	Action	Finance		End-to-end Performance
CREATE	19%	Optimise	\$2,140,200	\$529,490	10min – 58hours (Mean 6 hours)
OPPORTUNITY	0%	Innovate			
RESTORATIVE	78%	Restore Remove	(\$540,000)	\$1,691,900	3min – 210 hours (Mean 110 hours)
EXTERNAL	3%	Restore Rethink	(\$686,070)	\$20,120	10min – 65hours (Mean 10 hours)

Ave. Revenue Ave. Cost FTE

End-to-end
Capability

(Three months data 276,934)
Additional revenue is generated
through automated booking service





3-5M Customers / Month would experience difficulties



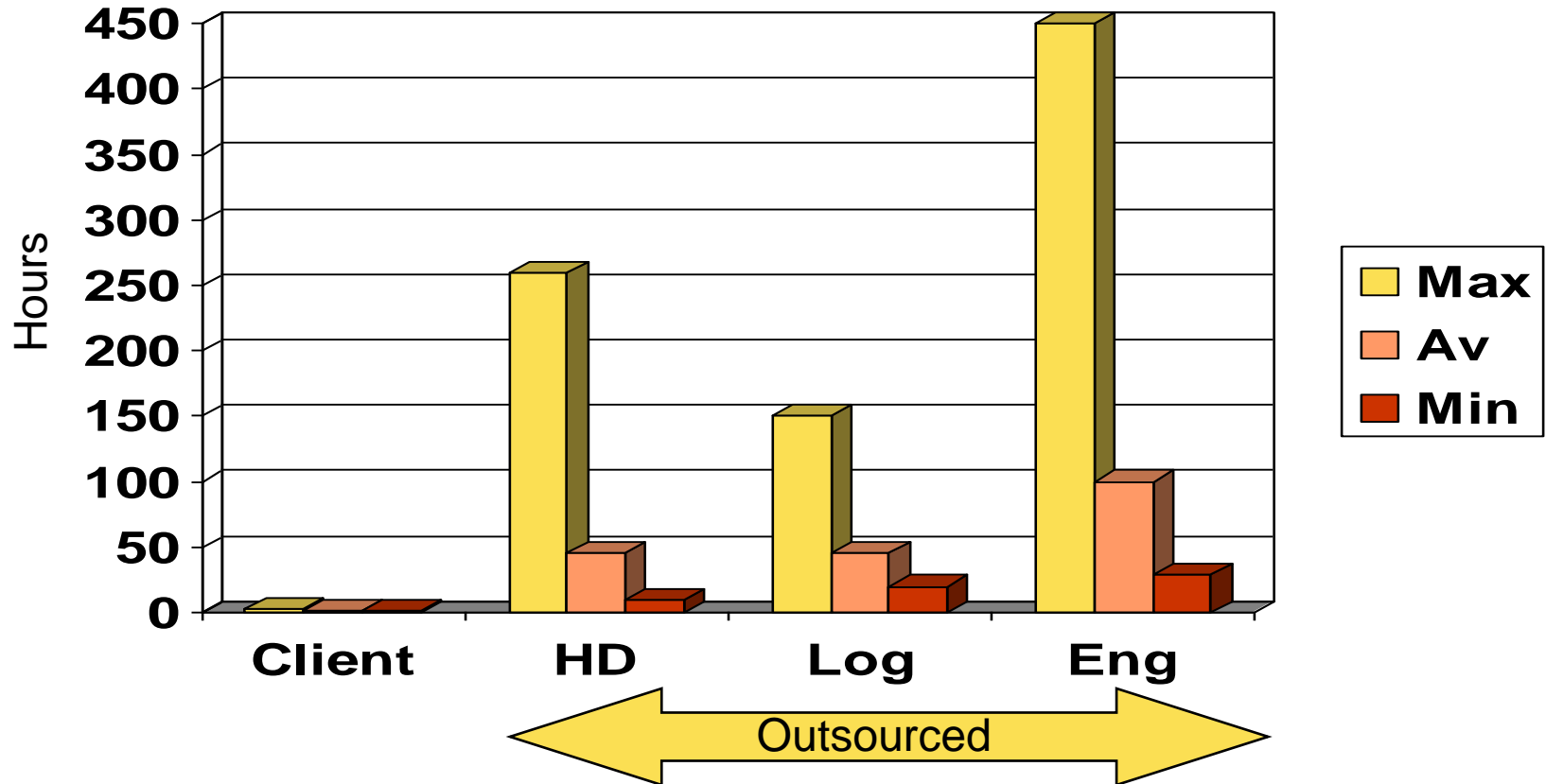
Do support activities lock in the waste or assist the flow and promote new value?

CORE Profile, Cost Matrix and Performance: Outsourced Personal Computing Services

.Indicative cost for illustration

Demand type	50k Requests/Week Volume	Charged Customer Facing Time Finance	Cost inc Non facing time	Outsourcer Performance	End-to-end Performance
CREATE	 18%	\$ 253,400	\$ 190,500	10min – 60hours (Mean 2 hours)	
OPPORTUNITY	 16%	\$ 250,100	\$ 140,900	3min – 8hours (Mean 8 min)	
RESTORATIVE	 25%	\$ 156,793	\$ 344,500	20min – 250 hours (Mean 60 hours)	31hrs – 450 hrs (Mean 280 hours)
EXTERNAL	 41%	\$ 714,277	\$ 549,300	12min – 240hours (Mean 50 hours)	25hrs – 390hrs (Mean 112 hours)
		Ave. Revenue \$ 1,374,570	Ave. Cost FTE \$ 1,225,200		Repair End-to-end Capability

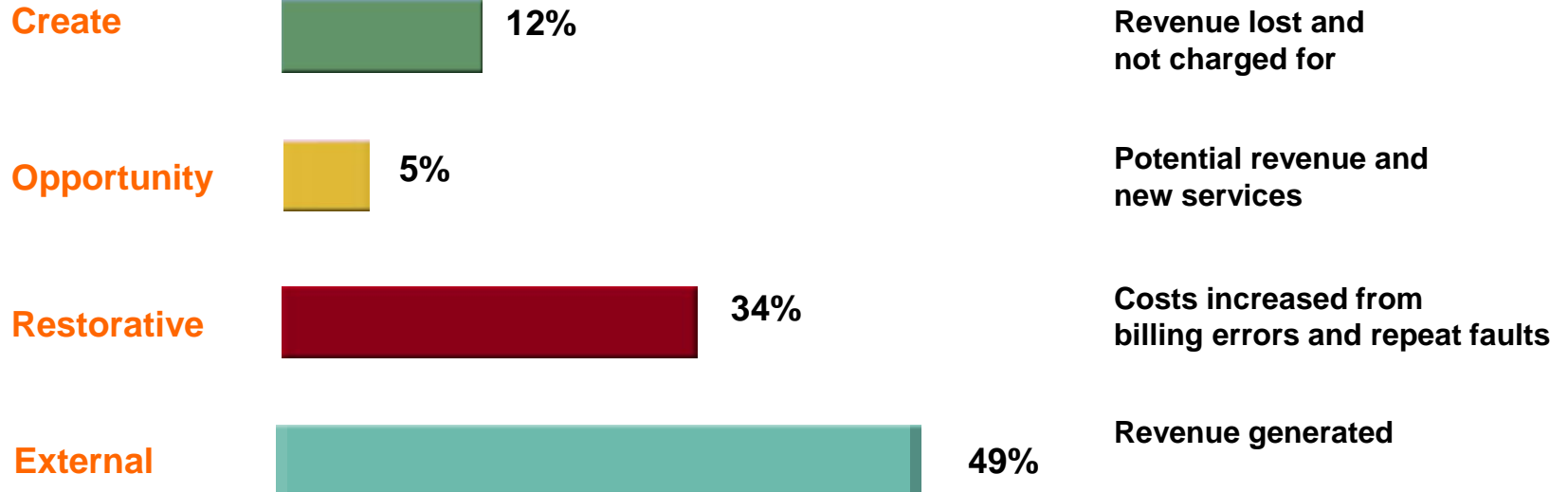
Lean Service?



Technical Help Services: SLA 2 Business Days, SLA's achieved, yet capability has a mean of 4 days?

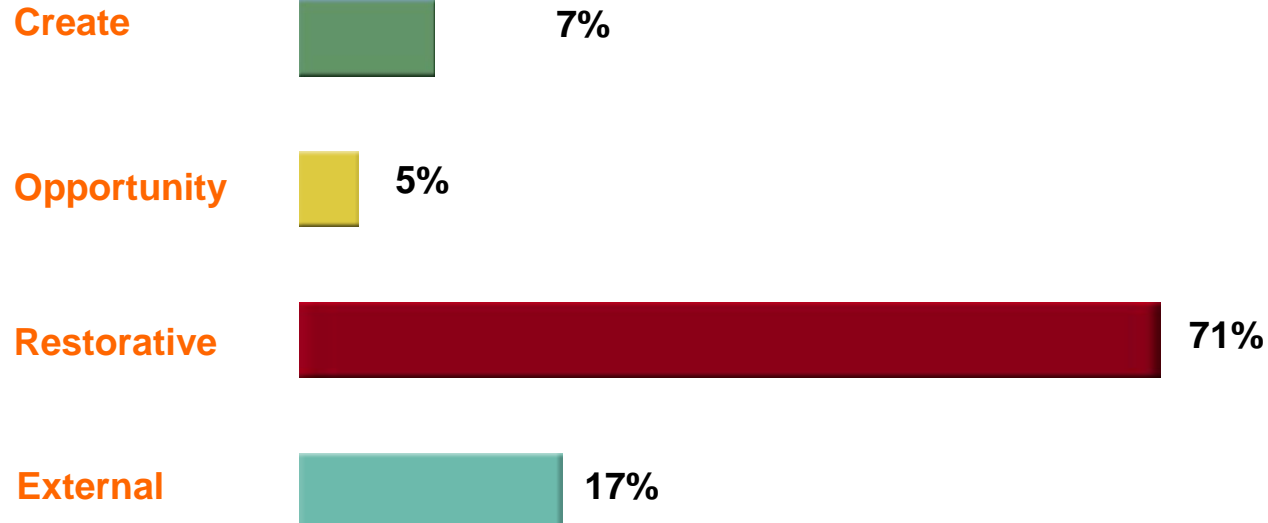
CORE Profile: Consumer goods repair service

Approximately 1,000 repairs are made every month.



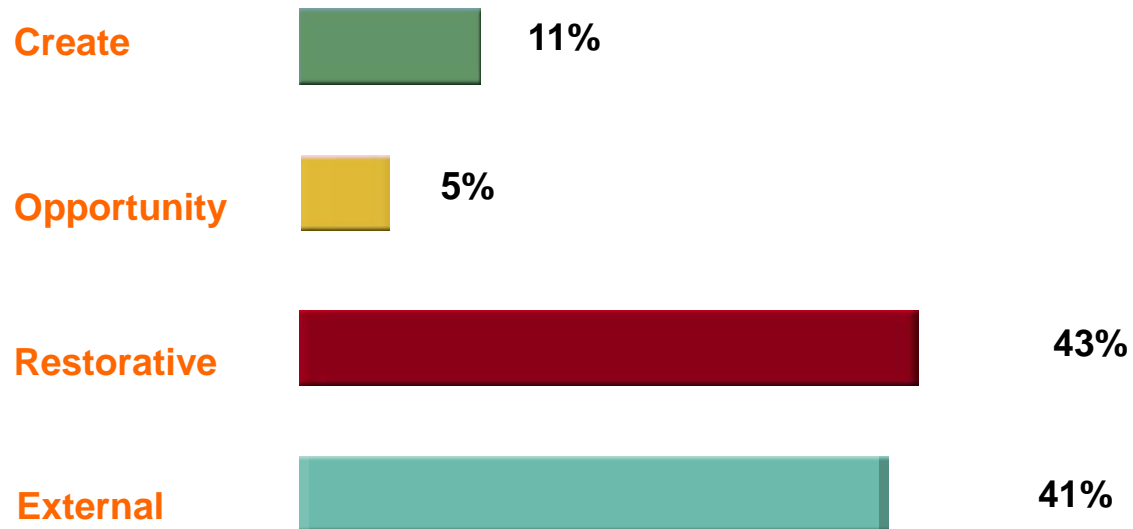
CORE Profile: Financial Services Company

Approximately 90,000 enquiries are made every month.

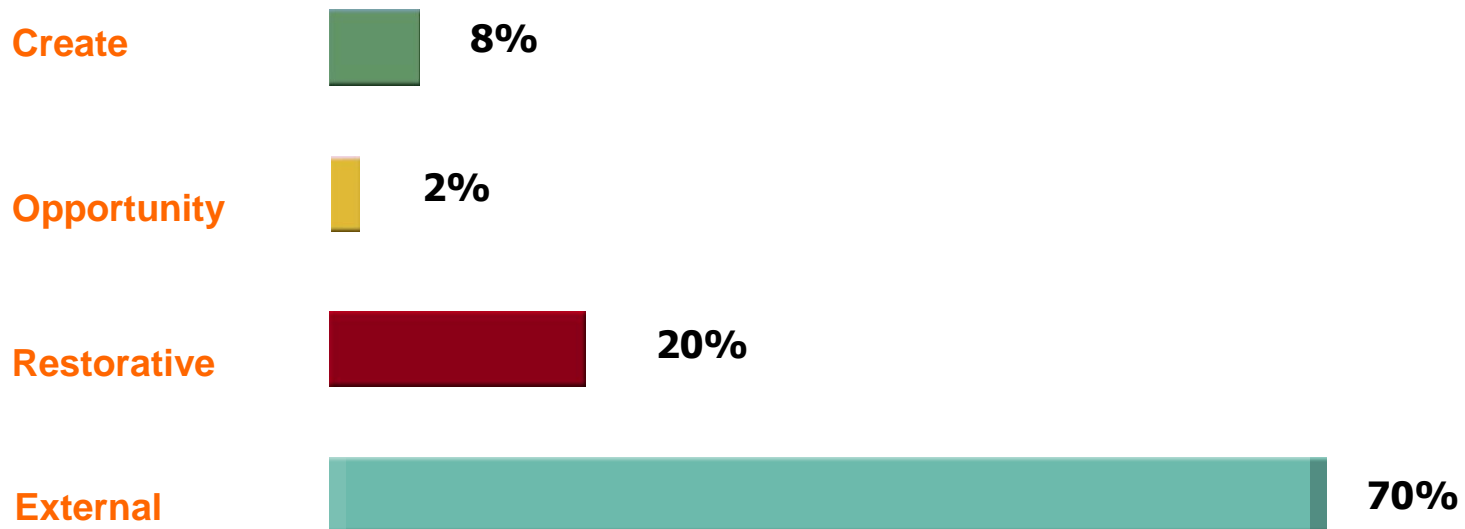


The analysis shows that seventy-one percent of the demand is generated when consumers experience a problem with a financial product. Seventeen percent was demand created by other companies' poor products and services

CORE Profile: Social Services



CORE Profile: Outsourced IT company Before changing the service.



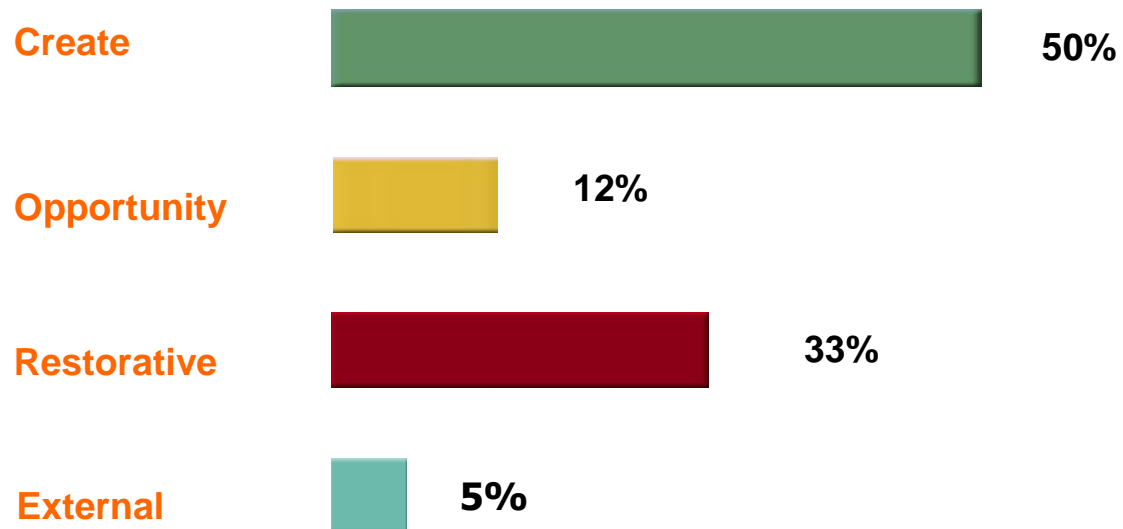
1 of 3

CORE Profile: Outsourced IT company After changing the service.



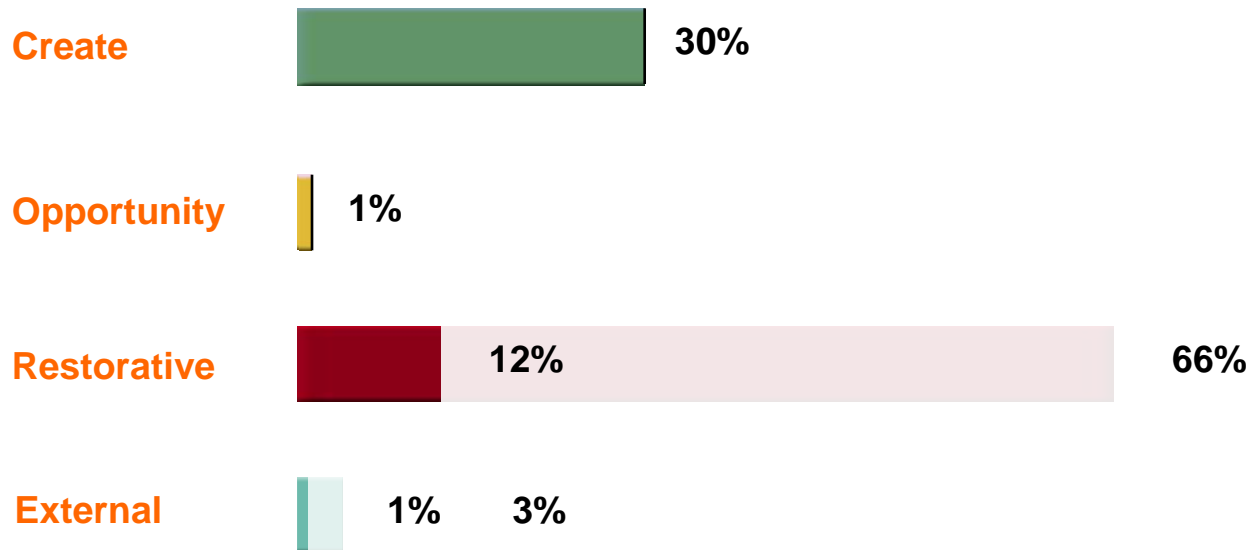
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CORE Profile: Outsourced IT company After driving the waste out:



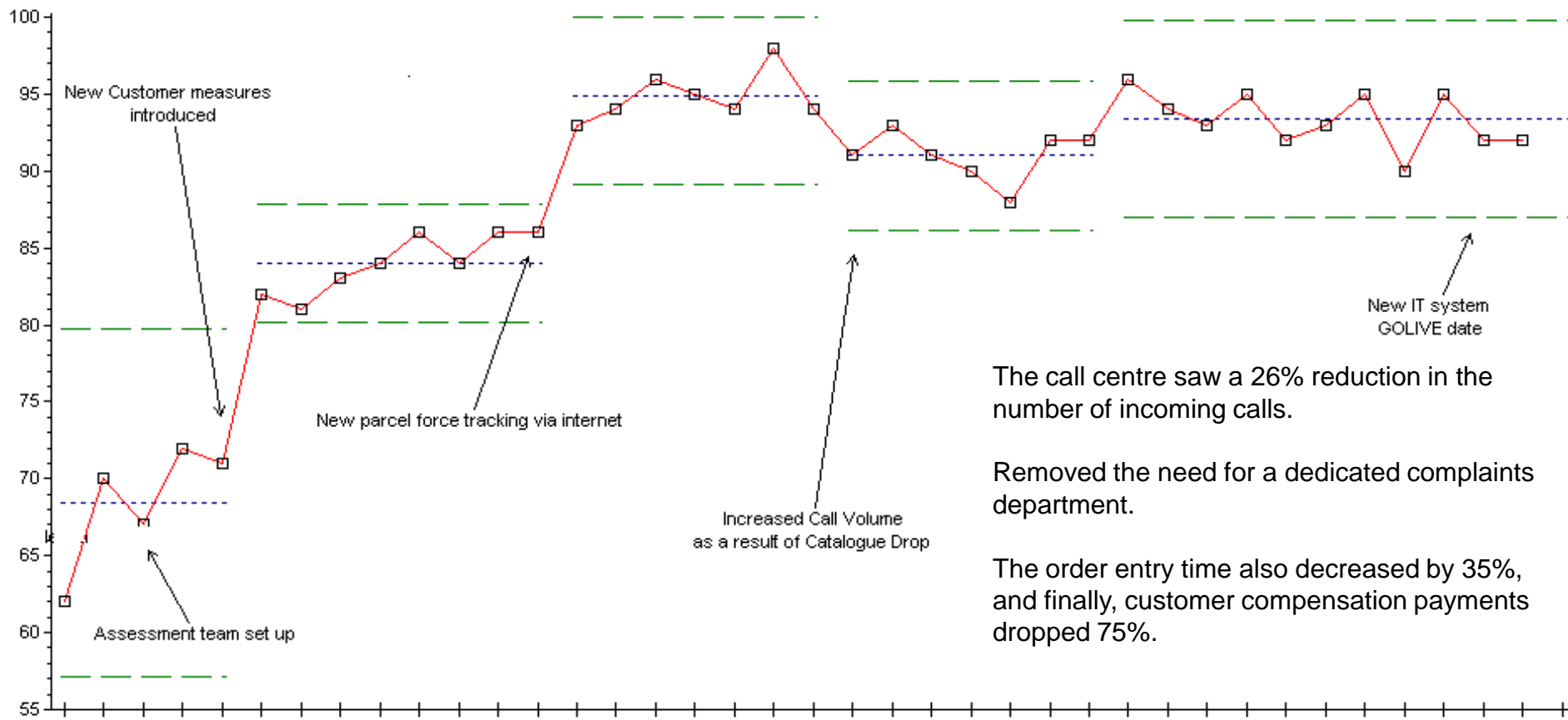
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CORE Profile: Catalogue Business Telesales



Sixty-six percent of the demand is generated from consumers experiencing a problem with a product or delivery.

Committed Delivery Time. Direct Operation U.K.



The call centre saw a 26% reduction in the number of incoming calls.

Removed the need for a dedicated complaints department.

The order entry time also decreased by 35%, and finally, customer compensation payments dropped 75%.

	March	April	June	July	Sept
Upper Performance Limit %	80	88	100	96	100
Mean%	68	84	95	90	95
Lower Performance Limit %	57	80	90	86	87

Measurement	% Achieved Before	% Achieved After
'Committed Delivery Time'	68	95
'Order accuracy'	60	96
'Quality of goods'	63	85
'In stock Items'	67	79

CORE Profile: Telecommunications Company

Create



6%

Opportunity



2%

Restorative



87%

External

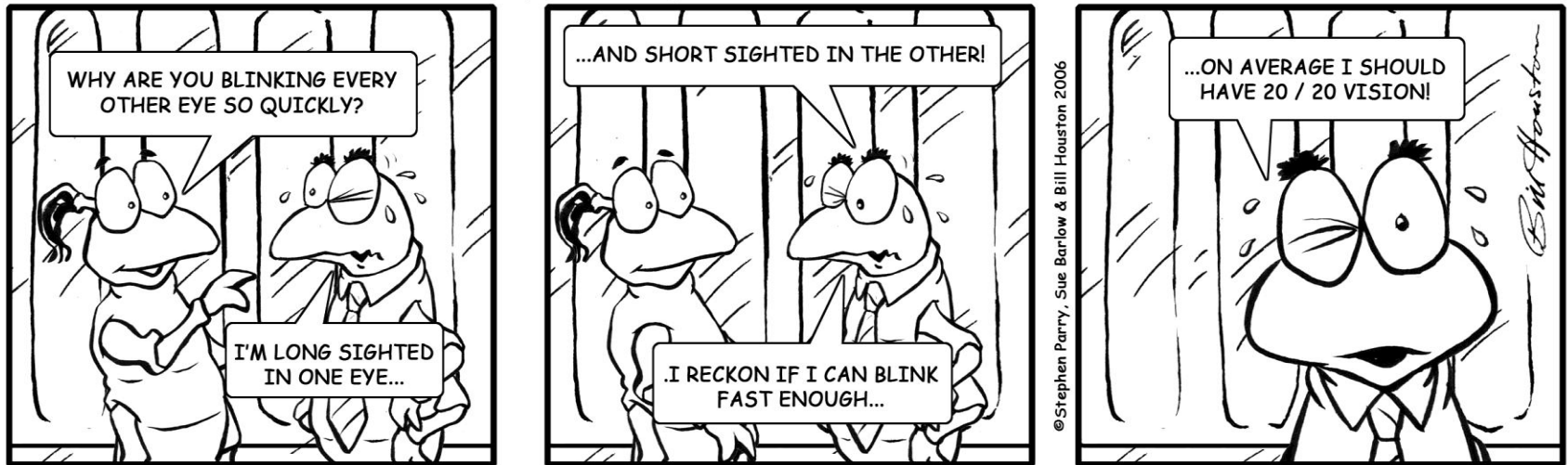


5%

Measurement, targets and averages.

'If you measure your business using averages don't be surprised to find yourself running and average business'

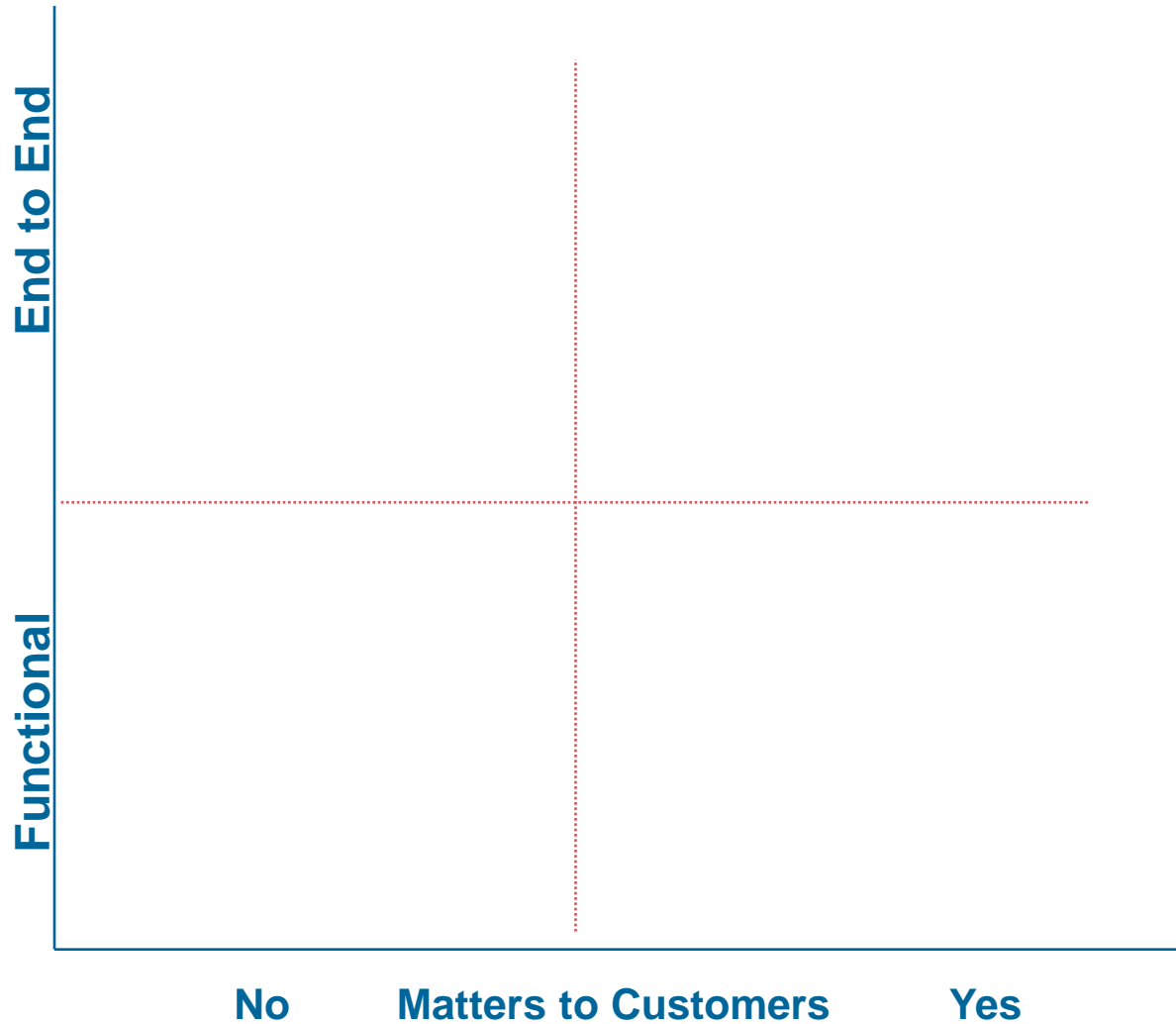
Fleabytes! with Phil n' Phyliss Fleabody



'The biggest problem with management is that they devolve their own resourcing targets down to service staff'

lets take look at your measurement system...

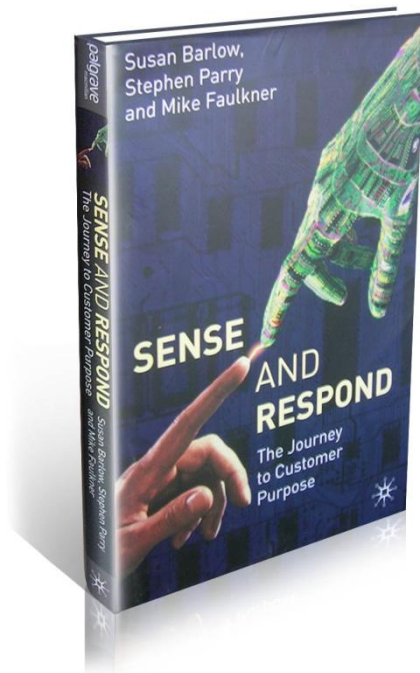
**Customer and People Measures:
Exercise to determine what your business is focused on.**



Sense and Respond:

The Journey to Customer
Purpose

*Stephen Parry, Susan Barlow and
Mike Faulkner.*



Strategy White Papers

New Principles and a New Vision for Services

A Demanding World

Measuring for Value. Transformation Pitfalls and Lessons

Research papers

Service Climate Management

Cranfield/Fujitsu Managing For Value

Articles

Turning Customer Service upside down

Service Climate Management

Customer: Lost in translation

Seven Deadly Sins of Transformation

TV and Radio

BBC Documentary 'The Crunch'

Channel 4/Einstein CIPD. Sense and Respond

BBC Radio 4 In Business The Heartbeat Economy

BBC Radio 4 In Business Lean and Mean and at your Service

We are Lean Service Enterprise Architects specialising in:

Building organisations around customers,
End-to-end service design,
Leadership development,
Change management.
Service Climate Management

We design:

Transformation and Implementation Route Maps,
Operating Strategies,
Organisational Structures,
Governance and Measuring Systems,
Organisational Development Plans,
Customer Service Strategies,
Methods and Tools,
Service and account management frameworks.

