



Systems thinking for service organisations

There is a better way to make the work work...

...a way that improves service, improves revenue,
reduces costs and improves morale

So why isn't everybody doing it?





What is management's role?

The manager's role is to.....

....act on the system





Changing management thinking

Command and control thinking

Systems thinking

Top-down

perspective

Outside-in

Functional specialisation

design

Demand, value and flow

Separated from work

decision-making

Integrated with work

Budget, targets, standards, service levels, activity etc.

measures

Capability versus purpose, variation

Manage budgets and people

ethic

Act on system





Service centre design and management

Traditional thinking leads to significant sub-optimisation

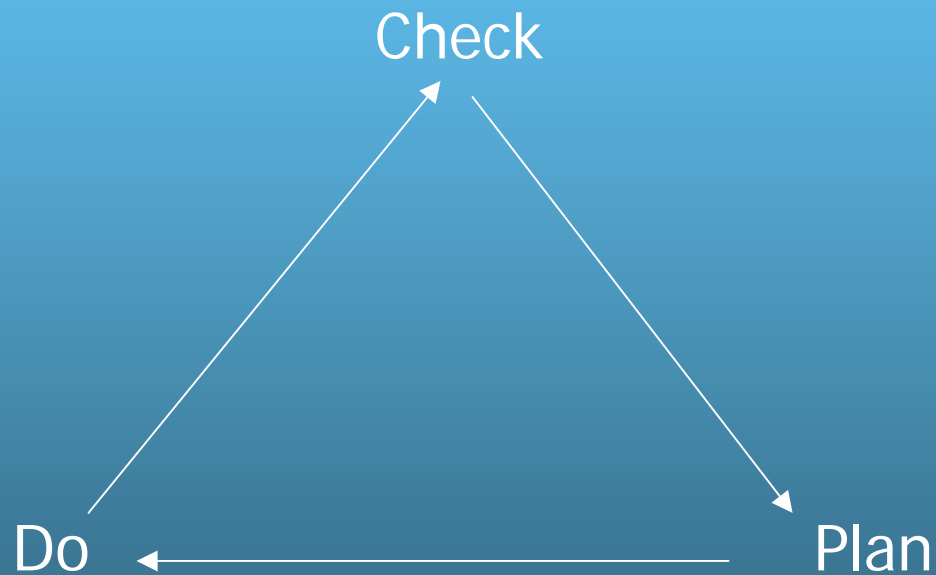
Higher costs, poor service, low morale

and what problems are managers trying to solve?





The place to start is check





The service centre hierarchy



Manager

- Service level
- Abandon rate
- Costs



Team Leader

- Call volume
- Call length
- Time available
- Inspection



Agent



Vanguard



Service centre (front office) design

calls in



sort
(IVR)



do the work

Monitor:
activity
scripts
procedures
quality

volume in

service level



Vanguard

www.lean-service.com



First big mistake

Failure to understand the nature of demand

All demand is treated as 'units of production'





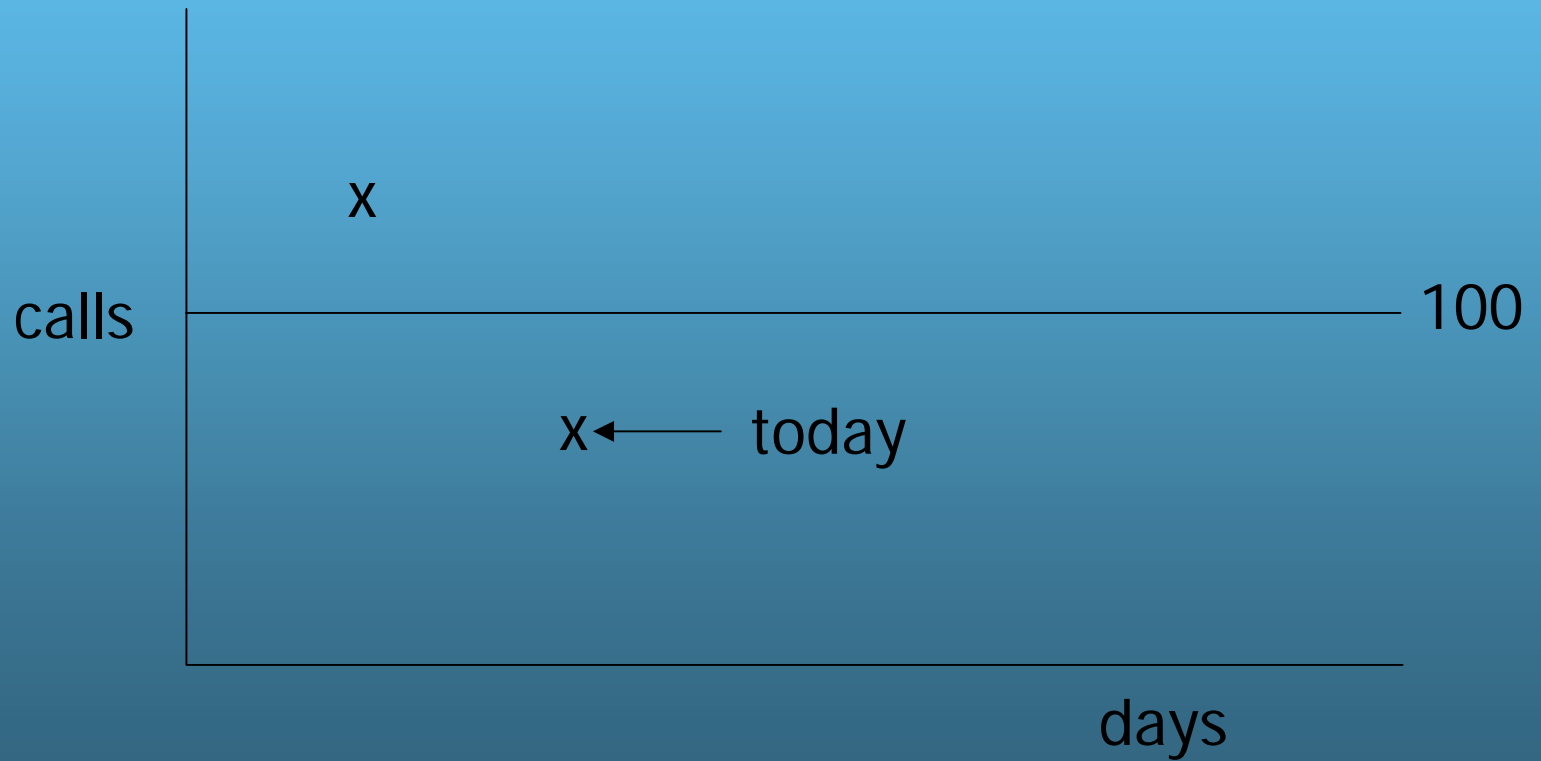
Second big mistake

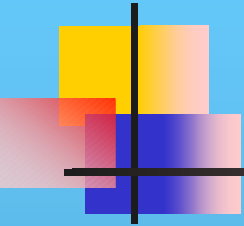
Assuming the workers can be held accountable for the work they do.



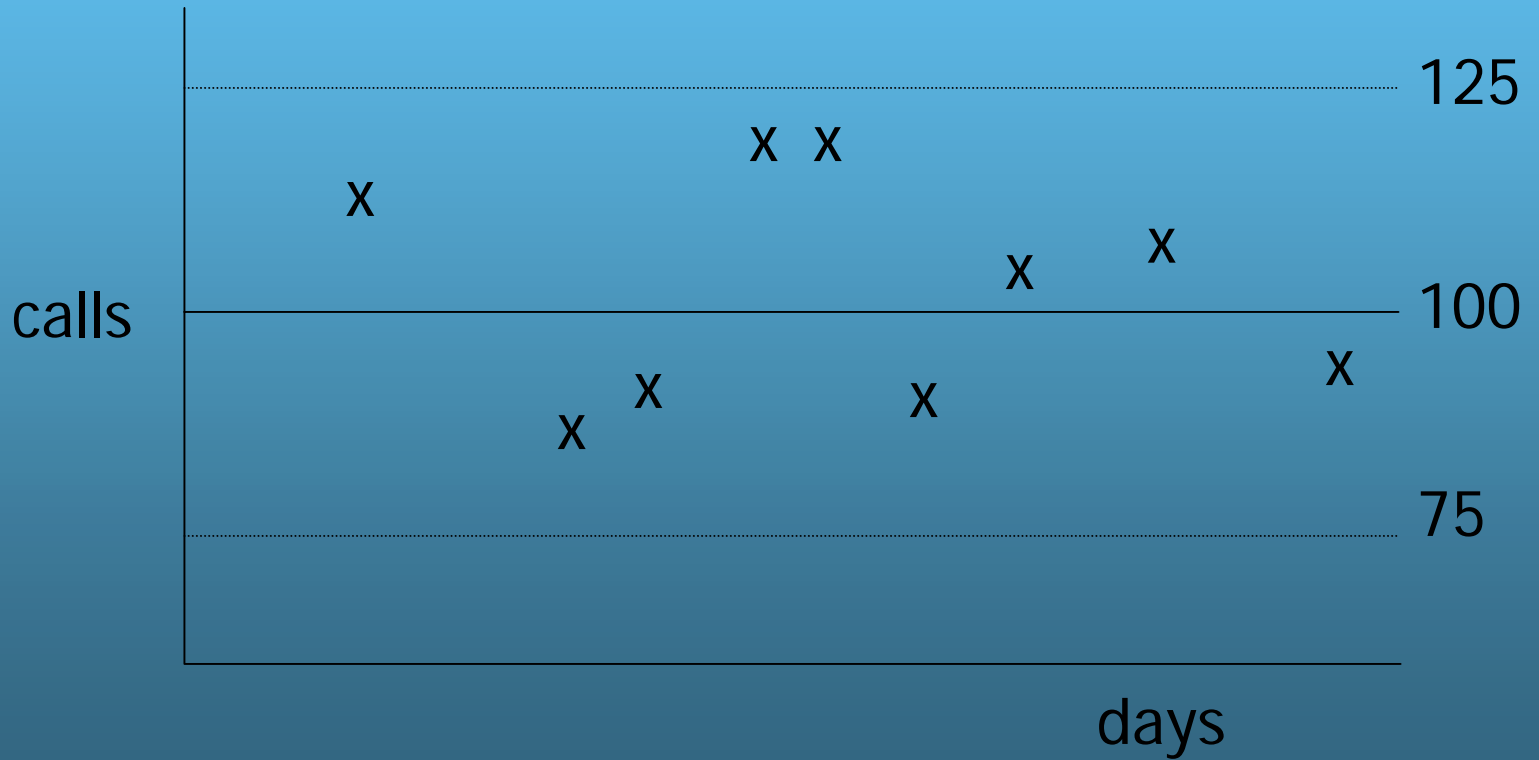


John's calls per day





John's capability





Third big mistake

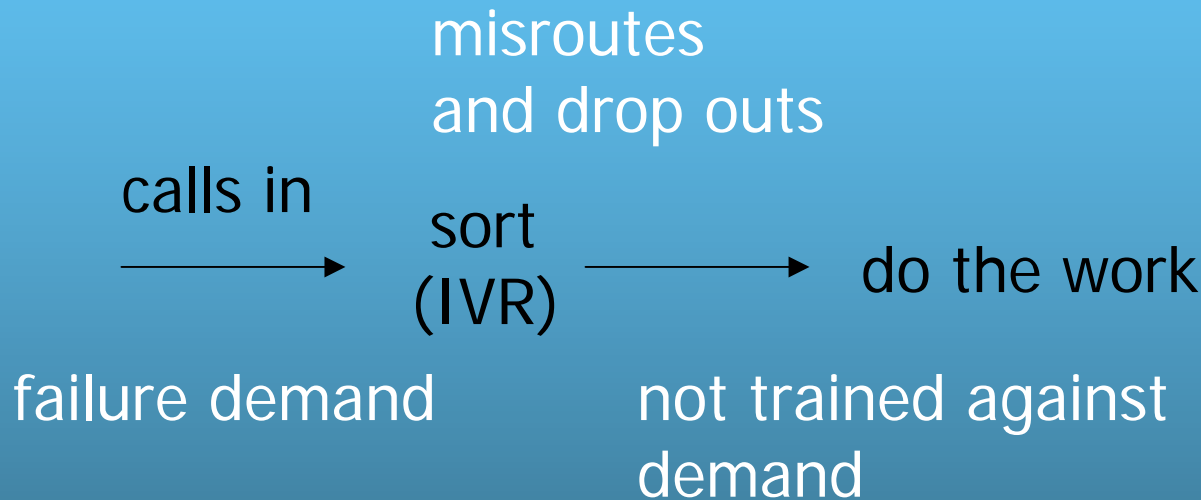
Management acts in many ways that damage the organisation's ability to absorb variety:

Scripts, procedures, activity measurement, IVR, automated work scheduling and 'work flow' systems and so on....





Seeing the invisible



Causes of variation:
Demand
Activity
management
Scripts
Procedures
Inspection

Consequences: customer dissatisfaction and high costs





Service centre (back office) design

mail in



sort



allocate



do the work

Monitor:
activity
procedures
quality

volume in

activity

volume out

backlogs



Seeing the invisible

mail in



sort



allocate

errors

re-work



do the work

re-work

fragmentation

lost time

duplication



failure
demand

alarming end-to-
-end times





Design to absorb variety



measures

permanent: demand, capacity, one-stop, time, accuracy (sampled), value created (sampled), agent capacity.

temporary: type and frequency of: demand, 'dirt' in input, waste in flow.





Typical results

Increased capacity

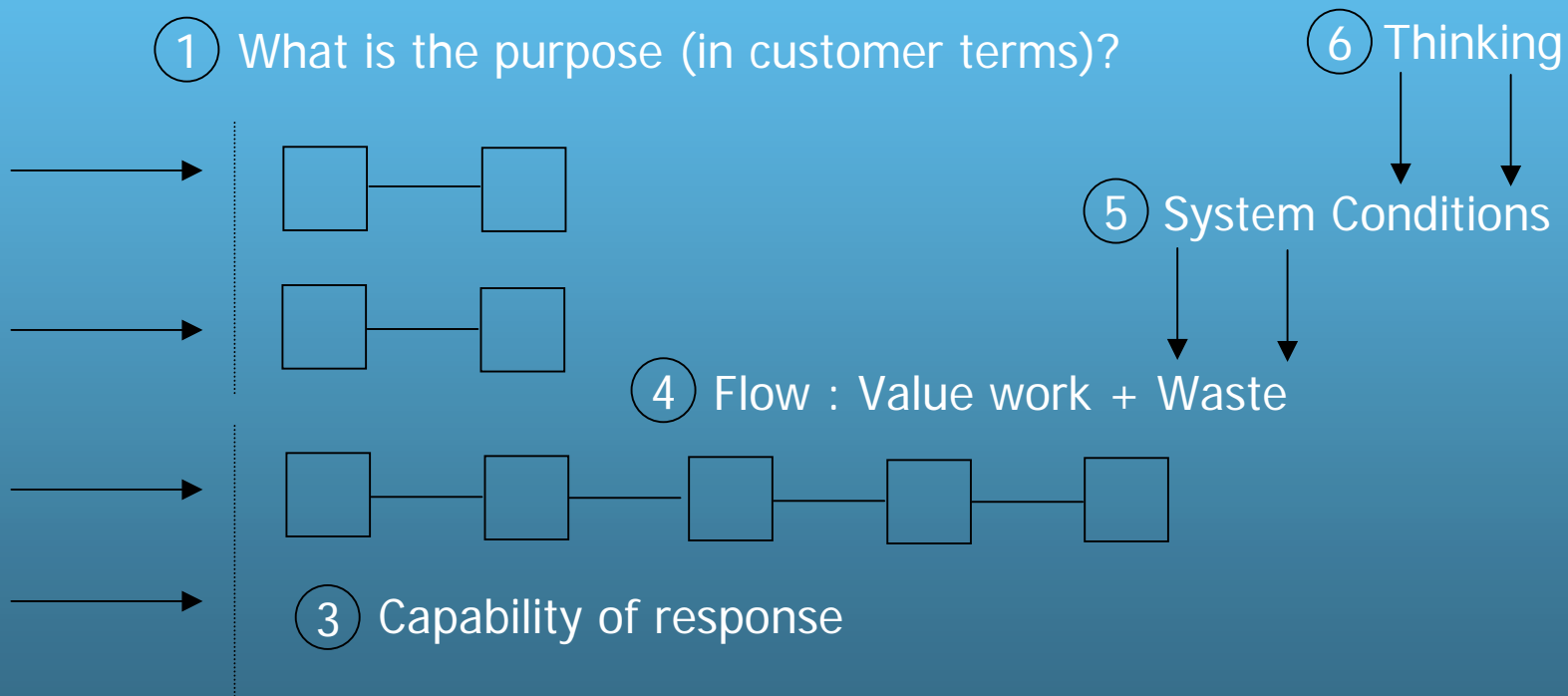
Better service

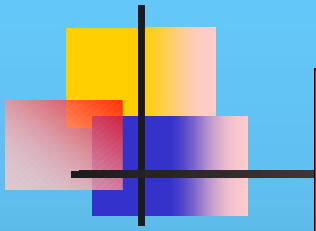
Lower costs

Improved morale

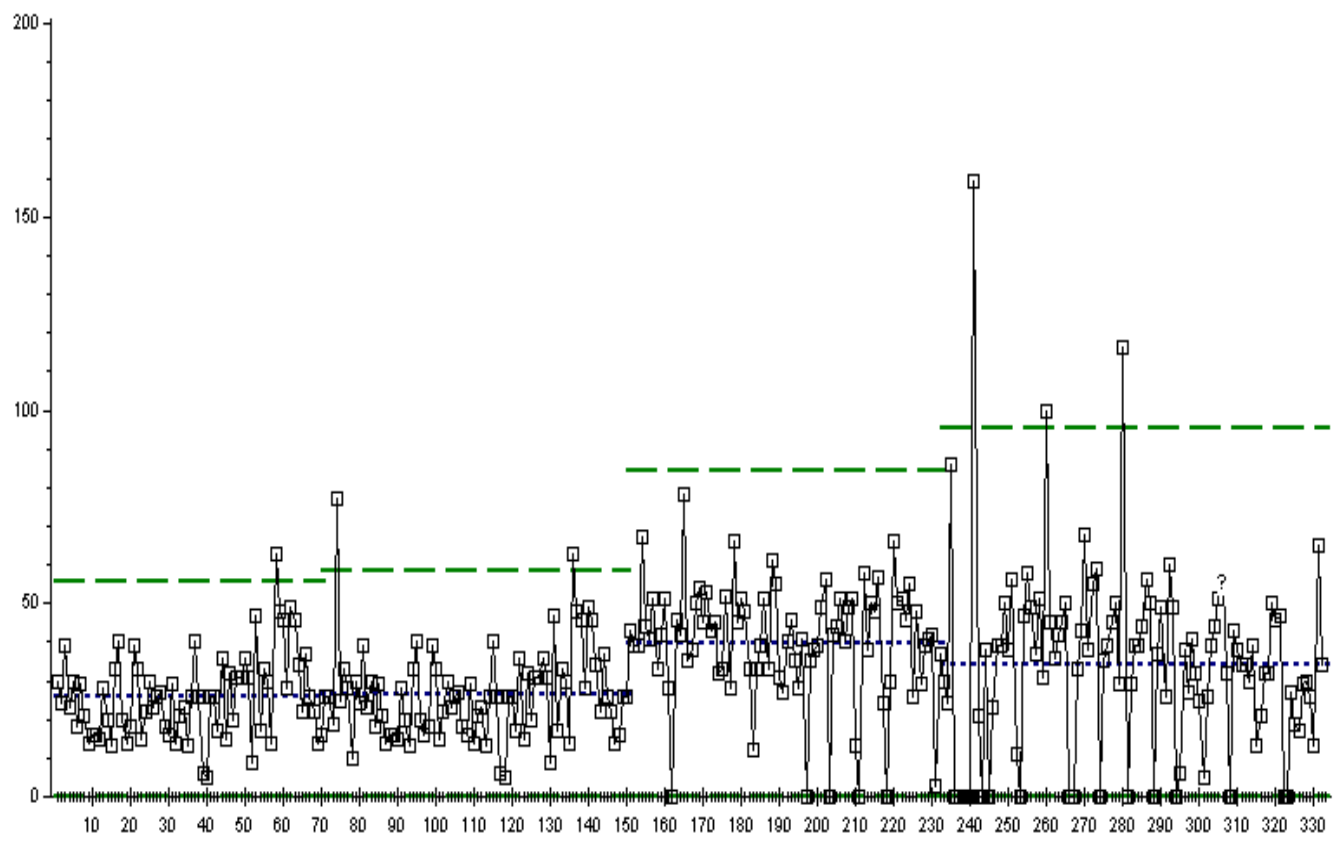


The Vanguard model for 'check'





Lead-time January to present



Split	1	71	151	233
U.C.L.	=65.9	58.5	84.2	95.2
Mean	=25.9	26.4	39.9	34.1
L.C.L.	=0.0	0.0	0.0	0.0





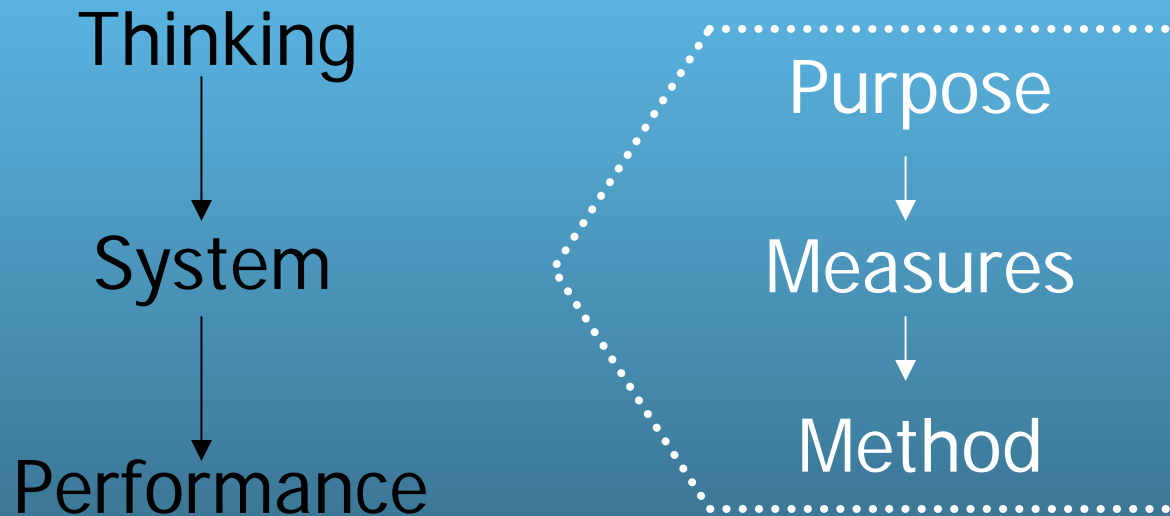
Three things every manager needs to know

1. There is no reliable method for setting targets
2. Targets *ALWAYS* sub-optimize performance
3. Using measures derived from the work leads to results that could never have been conceived as targets





To improve performance, change thinking





We should be wary of:

Labels and fads

Tool heads

Managers' implicit theories of change





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