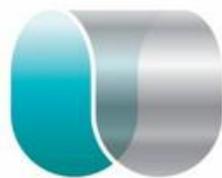




Process Audit for Organization Improvement



NIMBLE

Facilitating Growth Through Processes

Process Audit for Organization Improvement

Many organizations after having achieved reasonable growth realize the importance of getting documented the way the work is done in the organization. This becomes necessary due to errors and mistakes, experienced employees leaving the organization, quality issues and many other similar reasons. At this stage of growth, everyone down-below is busy working and management is busy fighting fires and growing the organization by scoring more orders and new customers. Having realized that the need well documented processes, standards and guidelines for day to day work, they engage external management consultants to develop the documentation and suggest improvements.

External management consultants study the working of the organization, its dynamics and politics, its culture and document As-is-Processes - AIP's . The next stage is to use their wide experience of having done similar work with other organizations and come out with "Should-Be-Processes" - SBP's. Along with the documentation comes a plethora of formats and data collecting forms so that process efficacy is amenable to analysis and further improvements.

While SBP's are discussed before the consultant's assignment is closed. Having spent time and money, it is surprising that less than 20% of the organizations are able to stay course and use / improve SBP's. The tendency at ground level is to continue with AIP's - with slight changes.

Why does it happen?

Some of the reasons, which we find quite frequently, are:

- a) Lack of missing top management's continuous focus.
- b) Benefits of SBP's over AIP's not fully understood.
- c) SBP's not fully discussed within the user group members.
- d) Lack of frequent Audits to ensure SBP's are followed.
- e) No one in the organization made accountable and responsible for Processes.

Missing focus of top management

In these turbulent times, the top management is usually busy getting new orders, arranging finances, handling regulatory authorities and solving burning issues - like customer complaints, quality issues, disruption in supplies, logistics failures, accidents / safety issues, labor relations etc.. This is particularly true for relatively young organizations or for organizations where CEO's (OWNR) have not developed

delegation competency and don't have the right people to support them on key-functions. CEO's consider focus on Processes as a very low priority item in their TO-Do-List and hardly devote any time to it. The result is obvious - urgent gets done and the development of the organization takes a back seat.

SBP's vis-à-vis AIP's

Adopting SBP's requires changes in working procedures. Change is difficult to implement unless the benefits of change are well understood. Changes incorporated in SBP's usually are intended for three major reasons:

- a) Improve data acquisition.
- b) Improve Quality
- c) Improve Productivity

None of these, usually, is of direct interest for Process Participants and are of meaning mostly for the Management. Since CEO is busy fighting fires, the futile effort of recording data on formats / forms seems senseless to people down below - particularly when they know that the filled formats just get filed! If we don't analyze the data which has been collected and share the results of analysis with workers - it makes no sense in collecting it and the motivation to follow SBP's weakens over time.

No discussion on SBP's.

While the management consultant would explain the benefits of SBP's over AIP's to the senior management, such discussions do not happen at levels below. The Process Owner does not allocate time for discussions about the processes with stake holders after these are adopted. This normally happens where there is no formal "Continuous Improvement" drive in the organization and no one asks the question "What improvements have we done in the last Quarter?".

Process Audits

Process owners are usually the head of various functions and they are usually responsible to the top management. In the absence of a separate Quality Assurance Manager, CEO has to adopt the role of pushing the Process Audit - which is usually ignored. The indirect benefit of ISO9000 certification of an organization is that an external auditor is paid to audit the process implementation on an annual basis, while organizations who do not go for ISO certification forget to implement it on

their own. Unless the practice of Audit and resolving the observations is taken seriously the use and improvement of processes follows the natural course toward extinction and chaos in the organization.

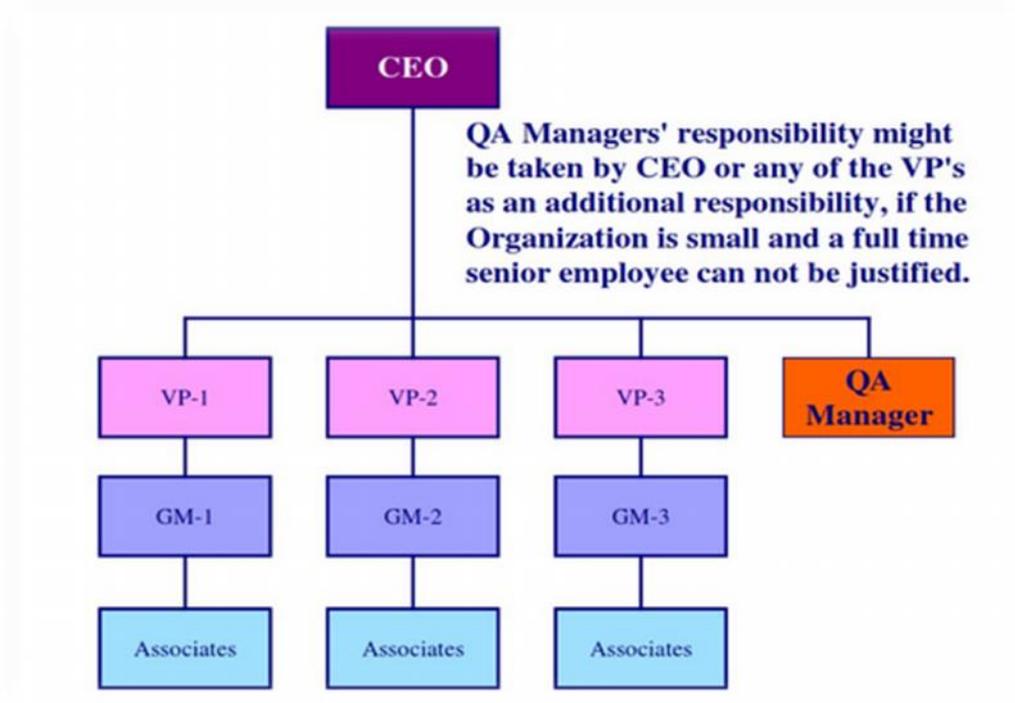
Process Accountability

As explained above, in small and mid-sized organizations CEO is made accountable for everything. While it is understandable that creating a separate function for Quality Assurance manager is costly and may not provide full-time work, but absence of the QA Manager box in the Organization Chart actually causes the removal of the whole set of activities from the organization it-self. The result is obvious - what is not visible / measured is not done!

Suggestions for improvement

Following recommendations are worth considering:

1. Immediately create a box for QA Manager in the organization chart directly

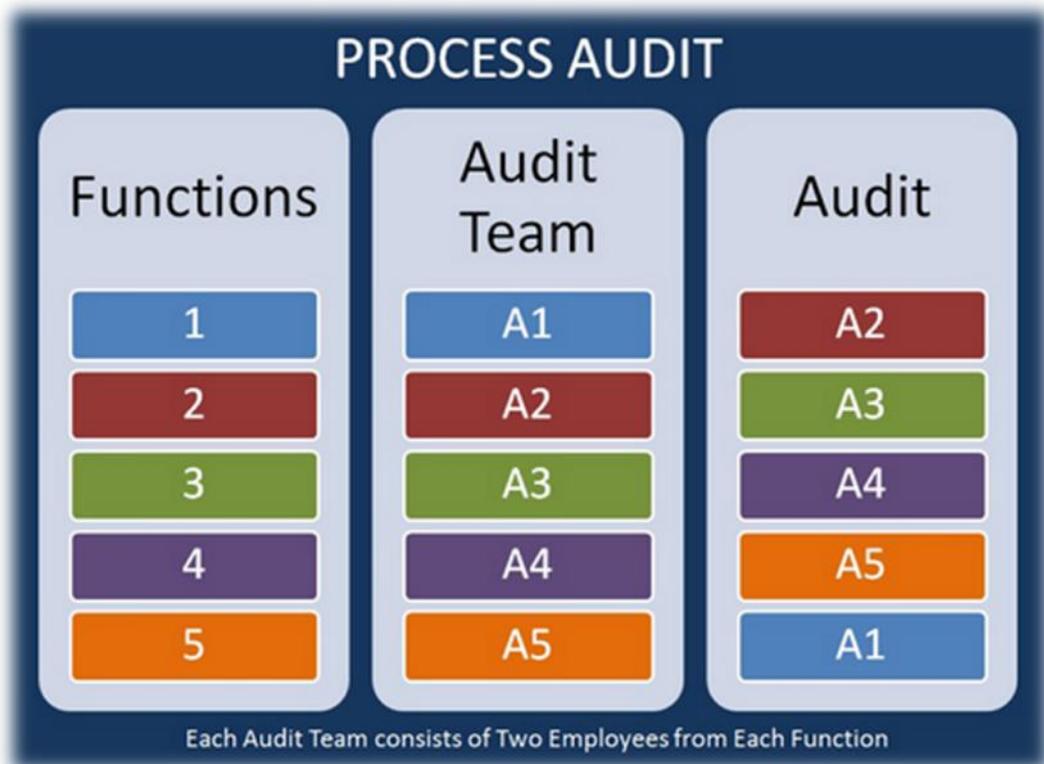


responsible to CEO.

2. Let CEO (Level 1) take up this responsibility or else designate a senior next level (Level 2) executive to take this responsibility. This should be manned by Level 2 executive by rotation for at least 2 years in one go and supported by

Level 3 Executive for one year.

3. Level 3 Executive should be chosen from the employees who are fit for being promoted to Level 2 in due course.
4. An audit plan must be created – one process audit every quarter. If the original processes were developed by an outside consultant, it is better to request their services during Audit.
5. Make an audit team of Level 3 / Level 4 Executives for detailed audit of Organization Processes. These should be high potential employees. The functional managers are not part of the audit team and are also NOT responsible for providing data and sharing documents with the audit team. The persons working pr involved in the process are the one's to provide data.



6. Train the audit team for conduction audits.
7. Members of Audit Team should Audit the functions which are not their primary functions. This helps indirectly of creating a team of employees who know the process of other departments in addition to their own.
8. Audit teams would document all observations and share these with QA Manager. QA manager would share these in a meeting with functional manager and would seek a report of reasons for con-conformities and time-line for their resolution.
9. After the resolution of observations, it is better to hold functional meetings held in the presence of QA Manager and initiated and conducted by the

functional manager.

Above activities should help bringing in Process Improvements and deleting what does not add value. Following additional recommendations would help:

1. Functional Managers should discuss the functional and inter-functional processes every quarter.
2. These discussions should be conducted by a different employee each time.
3. Make a practice of promoting only those employees who have worked in inter departmental audits of at least two functions in the past two years - this single recommendation would motivate employees to be willing partner in making process documents a living reality and drive continuous improvements.

Conclusion

Your organization got to where it is by using AIP's. While you should preserve this, but to grow and remain competitive, you must find ways to improve AIP's. Organization learning is best put back and institutionalized by creating and modifying AIP's to SBP's. Updating Process documents and continuously discussing the processes within stake-holders is the key to remain competitive and keep the spirit of improvement alive.

How can Nimble Help

Nimble has many senior employees who have implemented processes in many organizations and also involved in ISO implementation and Audits. We can support and participate with your employees in creating a Process Driven culture and support your initiatives for continuous improvement. You may like to contact the author (vkm@nimble.in) or Pawan at pawan@nimble.in