A PROCESS "PILOT"

Written by:
Adrian Reed

orbus software

INTRODUCTION

Analyzing existing 'end-to-end' processes often yields significant opportunities for improvement, particularly if the process hasn't been examined for a long time. Modelling the existing process enables us to pin down the problem areas and when this is combined with relevant data (e.g. time, volume, throughput) we can start to identify bottlenecks and other areas ripe for improvement. This typically leads to the creation of a 'to be' process model, which is slicker, better and more effective.

Yet it has to be said that a 'to be' process model on paper is really a hypothesis of improvement. If we have conducted thorough analysis then we may have a high level of confidence in that hypothesis, but until the process is implemented we'll never really know how much more efficiently and effectively it will work.

There is always a danger that something hasn't been considered, perhaps because the data didn't exist ("ah, we forgot to tell you about the December rush—that's never recorded in the stats!"), or because certain types of exceptions occur infrequently ("Oops! The new process doesn't cater for situations where a Lawyer calls on behalf of a customer").

Then there is the tricky element of implementation and adoption. It is very easy to talk about "rolling out" a new process to one hundred operators in a call-center, but a very different thing to actually do that. It's necessary to ensure there is communication, training, but also that people feel engaged and ready to adopt the change. The process needs to be polished; there would be nothing worse than rolling out a new process to one hundred operators, only to find that something crucial had been overlooked. This will (quite understandably) discourage those that are involved in the process, who may be reluctant to engage in future process improvement initiatives and may instead develop their own unofficial 'workarounds'.

These types of situations can be avoided by running a process pilot.

WHAT IS A "PROCESS PILOT"?

The word "pilot" means different things in different contexts, so it is valuable to specify precisely what is meant by a process pilot. A very useful definition is provided by the International Institute of Business Analysis (IIBA®)'s Business Analysis Body of Knowledge (BABOK®) Guide:

> **Pilot or Beta releases:** limited implementations or versions of a solution used in order to work through problems and understand how well it actually delivers value before fully releasing the solution.
>
> (IIBA®, 2015)

This highlights the fact that pilots are limited implementations that provide the opportunity to test, learn and (where necessary) iterate or adapt before the full roll out. This is very different from a 'big bang' roll out, where a date is chosen and the new process is rolled out in its entirety at that point. This concept is illustrated in the following diagrams:

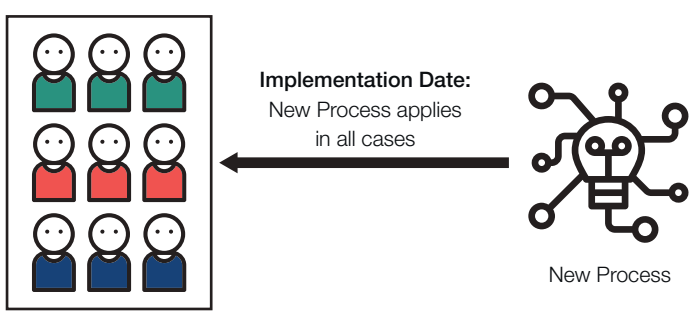

Figure 1: 'Big Bang' Process Roll Out

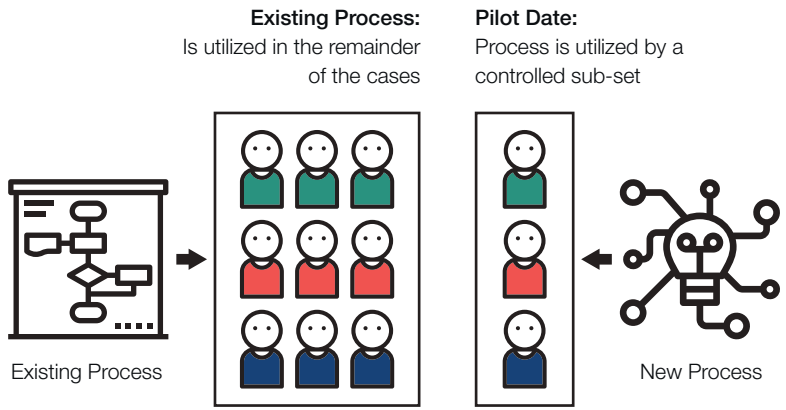

Figure 2: Pilot Process Roll Out

Running a pilot is a way of reducing risk. If there is something that has not been foreseen in the design of the process, the impact is smaller (and more manageable) than if the process had been rolled out in its entirety. With the old and the new processes working in parallel, it would be far easier to revert back if needed. Not only this, but running a pilot enables the team to set a clear expectation that there will be an element of learning. It may not (yet) be a completely 'polished' process, the pilot is a way of ensuring any final enhancements are made before the final transition is made.

DECIDING TO RUN A PROCESS PILOT

It is important to note that running a pilot works for many, but not all, circumstances. An important first question to ask, therefore, is "would a pilot be relevant here?". Whether piloting is feasible will depend on factors such as:

- **Urgency and Time Sensitivity:** If there is an urgent need to get the new process rolled out widely (e.g. if it relates to safety, regulation or any other urgent factor) then piloting may not be feasible.
- **Cost and Benefit:** If the cost of running the pilot outweighs the potential benefit of doing so, then it may be considered better to proceed without a pilot.
- **Level of Risk:** Very small, routine, low-risk changes may not need a pilot.
- **Technical Feasibility:** Some process changes may prove technically difficult or impossible to run as a pilot (e.g. if the improvement required a major system upgrade or migration—although even in these situations careful consideration should be given to whether a pilot is possible).
- **Level of Acceptance:** In circumstances where major process changes are being implemented, particularly where the changes are contentious, it can be valuable to run a pilot to show the improvements. If the process really is more effective and efficient—not just for the customer, but also for other stakeholders including those operating the process—then a pilot can create a group of 'advocates' who help to promote the changes internally.
- **Predictability of Results:** In some environments it is genuinely difficult to know whether a process improvement will really yield the predicted improvements. (E.g. perhaps a survey has shown that customers of an insurance company would prefer to receive their documents electronically. Until piloted, it is difficult to know whether this is really the case!).
- **Predictability of Demand:** Some processes, particularly those that deal with wide ranges of customers, have to cater for a high level of variety of demand. This can involve sudden changes in volume, but also the types of orders or customer requests that come in. This be particularly so in public sector or governmental environments who deal with many routine, but also the occasional very complex, situation (e.g. "We need to calculate the tax liability for this investment—the customer has a UK passport, but has no permanent address and spends her life travelling the world, the investment was purchased in Hong Kong, but is managed by a company owned in South Africa operating out of the Isle of Man". Where variety is high, piloting can help validate that the process is flexible enough to cater for the unpredictable. Of course, there is no way of ever completely validating this; but it at least minimizes the risk of problems occurring.

There will be other relevant factors too, depending on the specific process and the organizational context, however the list above is a practical starting point.

Assuming the process improvement does lend itself to a pilot, the next tricky question is how. One distinction made earlier about a pilot is that it is limited in its nature; it is not being rolled out in a finalized, full way. The question becomes how to 'cut' the pilot—which dimension do we limit?

DECIDING TO RUN A PROCESS PILOT (CONT...)

One intuitive way is to pilot a process only with specific teams. Imagine, for example, we want to implement a new end of year appraisal process for staff, utilizing an online portal rather than word-processed documents. It would be very feasible to run a pilot by choosing a few teams within the organization to trial the new process. There would be the opportunity to solicit their feedback and make any adjustments before rolling it out further. In a manufacturing environment it might be possible to trial a process change within a particular shift—depending on whether there is an overhead to set-up or change machinery and tools.

Another approach is to consider targeting the pilot at particular product or service types. If an insurance company wanted to pilot the switch between physical and electronic policy documents, it might choose to do so for a single type of policy first. If this is successful, it could roll the changes out for all of its products and policies.

It is also possible to run a pilot for particular sub-sets of clients. A new process might be trialed for a particular segment of customers (e.g. "let's try our new hotel 'check in' process with our gold loyalty card members"), or a sub-set might be created in another way to ensure a balance of customer type.

Whichever way the pilot is targeted, one crucial consideration should be around customer experience. It is very confusing and frustrating for a customer to receive an inconsistent experience, and processes can be a root cause of these types of disappointment. Imagine a situation where a customer (unknowingly) is part of a pilot of a new, slick, check-in process for a hotel. They arrive at the desk, and all they have to do is show their credit card—and their room has already been automatically allocated. They might be pleasantly surprised and book the hotel again.
However, if on the next visit they have to fill in forms, provide their address and wait while the receptionist keys all the information in, they might feel frustrated ("why is it taking so much longer this time?!").

Indeed, in some circumstances it can be very valuable to tell a customer that they are taking part in a pilot—this is a great way to get additional candid customer feedback on the new process.

DEFINE ‘WHAT SUCCESS LOOKS LIKE’

A pilot is a useful way of determining whether the process works in practice—as well as ‘on paper’. It will help to uncover any ‘unknown unknowns’ and unforeseen problems, and will also help to highlight further unforeseen improvement opportunities. Yet there is another extremely beneficial angle that ought to be considered.

Ultimately, a process is being improved for a reason. The nature of that reason will vary depending on the organization, the process and the context, but there will be some sense of what outcome the organization is aiming for. A question that is often asked is ‘what does success look like?’, or to put this another way ‘how do we know if this process pilot has been a success?’. It is extremely valuable to examine the Critical Success Factors and Key Performance Indicators for the process—and if these aren’t currently documented, it is valuable to discuss and capture them.

Critical Success Factors (CSFs), in a broader sense, can be defined as:

> “The areas in which an organization must succeed in order to achieve positive organizational performance”
>
> (Paul et al, 2014)

In the context of a process, we might consider the factors that are critical for the success of the process, of course these in turn should be aligned with overarching organizational CSFs. Typically, CSFs are qualitative—that is not (directly) measurable. An example might be “Achieve excellent levels of customer service” or “Efficient and effective shipping of products”.

Since the CSFs are qualitative, it is useful to make them measurable, and this can be achieved through the definition and addition of Key Performance Indicators (KPIs). Each CSF may have multiple KPIs attached, which is shown in the following diagram.

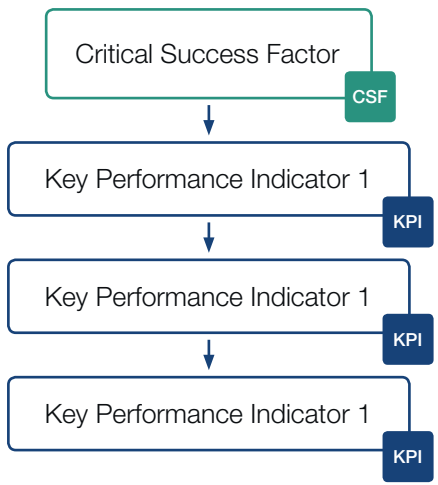

Figure 3: The Relationship between CSFs and KPIs

Taking the example of “Efficient and effective picking, packing and dispatch of products”, we might define KPIs such as:

- Average cost of picking & packing per order
- Average length of time from order to dispatch
- Level of returns due to incorrect item
- Proportion of items damaged during picking and packing
- Number of orders not dispatched within 24 hours of order

DEFINE 'WHAT SUCCESS LOOKS LIKE' (CONT...)

Each KPI would require further definition, for example the time period over which measurements were taken, how and when it will be reported and so forth, and it's important to note that often KPIs are interrelated (Building on the example above, the proportion of items damaged will affect the average cost of picking & packing). Care must also be taken in attributing KPIs to specific processes or departments, as sometimes the efficiency and effectiveness of a process is affected by actions taken elsewhere (e.g. a warehouse packer can do little to prevent incorrect items being sent out to customers, if the product codes are mis-keyed by the sales team!).

With these cautionary notes in mind, the question to ask is which CSFs and KPIs do we expect to improve? Sticking to a handful of meaningful KPIs is useful, and it is then important to obtain baseline data—indicators of how the current process is performing. It is often also necessary to revisit the design of the new process to ensure that the relevant performance data will be collected. For example, if we wanted to reduce the 'proportion of items damaged during picking and packing' it would be important that this information was recorded, rather than just recording general 'scrappage' without noting why the item was scrapped.

Defining KPIs often creates a very useful discussion amongst stakeholders, and it may expose differences in opinion on what improvement actually looks like. Ideally, these discussions will have been resolved long before the pilot—and relevant stakeholders will have shaped the analysis and re-design of the process from the beginning—yet this is a useful point at which to validate that views have not changed and that stakeholders are still on the same page.

It also creates an opportunity to discuss the duration of the pilot. It can be tricky to decide how long to run a pilot for, but often the KPIs themselves help to determine this, as there needs to be a particular volume of transactions before a decision over the efficiency and effectiveness of the process can be made, or perhaps a particular time period must pass to cater for peaks and troughs.

RUNNING THE PILOT

Having considered the aspects mentioned throughout this e-book, the next stage is to plan and run the pilot itself. The steps involved will vary depending on the nature of the process—a minor tweak to a hotel check-in process is probably rather different to changing the way nurse records information about a patient's illness. Yet communication will be crucial—it will be important to engage early with those who will be involved with the pilot, and also to ensure others are kept in the loop too—particular those who will be involved in the process change when it is rolled out.

Pilots provide us with an excellent opportunity to monitor the improvement, and also solicit qualitative feedback. Measuring the KPIs will help us test our 'hypothesis' with quantitative data. However, ad-hoc feedback from those involved in operating the process can be equally insightful. Additional tweaks, changes and enhancements may be suggested—and additional unforeseen scenarios may be uncovered. It is important to ensure that there is a mechanism for this feedback to be collected, collated and actioned. It is normally best to enable this feedback to flow directly from those involved (rather than through hierarchies of management). If an operator has to submit feedback via their manager, there is always the danger it might be delayed. Some managers may make good-intentioned changes to the feedback, but in doing so actually inject their view, rather than that of those directly involved. Managerial feedback is also extremely valuable and should be sought, but it is useful to separate this from those directly involved.

ADAPT AND ROLL OUT

Depending on the nature of the process, it may be feasible to adapt and test minor tweaks during the pilot itself. If this is possible, it is to be encouraged, although of course the changes should be trialed in a controlled way and their effectiveness tested.

In any case, after the pilot is over a decision should be made on whether to go ahead and roll out the process further. That will require additional planning and communication. However, the organization is now rolling out the process with a much greater level of certainty over its viability, and many of the unforeseen problems will have been 'ironed out'. Those involved in the pilot will be experienced already, and can be on hand to help others get up to speed too.

CONCLUSION

Process changes don't have to be rolled out in a single 'big bang' implementation, and in many situations a pilot can be beneficial. A pilot enables organizations to test the new process, and validate that it will lead to the improvements that are predicted. A pilot also enables any unforeseen issues to emerge on a smaller and more controlled scale, meaning that organizations can test, learn and adapt before rolling the changes out more widely. This can also, indirectly, help drive adoption of the process, as those involved with the pilot will be on hand to provide hands-on help and will hopefully act as advocates of the process too.

It is well worth keeping the idea of a pilot firmly on our radar, and actively considering this as an option for implementation.

REFERENCES AND FURTHER READING

Readers interested in the topics discussed in this e-book may find the following resources useful:

Cadle, J., Paul, D. and Yeates, D. J. (eds) (2014). **Business Analysis**. Swindon: BCS Learning & Development Limited.

IIBA®, (2015). **Guide to the business analysis body of knowledge**. Toronto : Ontario: International Institute of Business Analysis.

Kaplan, R. and Norton, D. (1996). **The balanced scorecard**. Boston, Massachusetts: Harvard Business School Press.

Reed, A "Adrian Reed's Blog" [Online] http://www.adrianreed.co.uk

Orbus Software
Portland House, Bressenden Pl, Westminster, London SW1E 5BH

+44 (0) 20 3824 2907
enquiries@orbussoftware.com
www.orbussoftware.com