eBook

Creating a Process that 'Learns':

The Importance of Feedback

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Introduction

Designing effective end-to-end processes can be a tricky endeavor. Processes tend to have a range of competing demands, desires and constraints placed on them by multiple stakeholders — all of whom have slightly (and sometimes very) different needs. Perhaps a customer desires quick and cheap service, a regulator may mandate that specific rules are adhered to, and management may need the process to be implemented in a sustainable way. On top of this, the process needs to be implemented in a way that supports the organization’s overall strategy. A premium brand that excels on customer service (but charges a little more for it) is likely to design some tasks and processes in a different way from a pile-‘em-high sell-‘em-cheap retailer.

There can be a temptation to move focus elsewhere after implementing a process or process improvement. After all, once we have balanced the needs of the varying stakeholders, that’s the hard work done, isn’t it?

The reality of course is that however well we have designed the process, it is likely that there will be opportunities for further tweaking and enhancement. As the process beds in, it can be made slicker, quicker, and better. Additionally, over time things will change both internally and externally. A stakeholder's value expectation may change, or our competitors may up their game. I am sure many people reading this will remember when it was normal to wait 28 days for a mail-order item to be delivered. Over time, the expectation has changed — today overnight delivery is commonplace, and some providers are even experimenting with same day delivery.

The point here is that if a process doesn't respond to internal and external feedback, it can become out of date incredibly quickly. This feedback involves not just looking at quantitative and measurable key performance indicators, but also qualitative factors too. It involves spreading the net wider and looking both inside and outside of the organization. Otherwise we can end up with a situation where our processes are meeting all of our targets ("We deliver within 28 days to 99% of customers…") yet the market has moved on around us ("… But virtually nobody orders from us anymore because the market expectation is overnight delivery").

Actively implementing feedback mechanisms into our processes helps avoid these situations and helps us craft processes that can learn and adapt.

Building a process that 'learns' – *the importance of different types of feedback*

In order to create a process that 'learns' (or more accurately, a process that enable us to know or approximate when change is necessary or valuable), it is worth thinking about the types of feedback, measurements and metrics that can be collated and considered. Traditionally, process owners and managers have focused on dashboards listing Key Performance Indicators (KPIs) and targets — and these continue to be extremely useful. However they often give only part of the picture. Imagine the dashboard of a car—it tells us a lot of useful information about the internal workings of the engine and the car: the speed, whether there is sufficient oil and so forth — all crucial things that a driver needs to know. It may tell us some external factors too, like the temperature. However, it won't tell us that there's a pending change to the laws affecting mobile phone use, and it wouldn't tell us if a new type of vehicle tax was introduced. It certainly won't tell us what hazards there may be on the horizon! Therefore, as drivers we look beyond the dashboard, scanning the external environment as well as considering factors internal to the car itself. As process owners, analysts and managers, it is crucial that we look beyond the traditional process management dashboard too.

There are at least four types of feedback that we might choose to consider. Firstly, there is feedback that is quantitative (for example, speed of process, throughput and so forth) or qualitative (for example detailed written or verbal customer feedback). Additionally it is worth considering both internal feedback that can be generated by the process itself or the teams involved in the process– as well as external considerations that come from outside of the process and team (for example, customer feedback and complaints).

These dimensions are summarized and combined in figure 1, below:

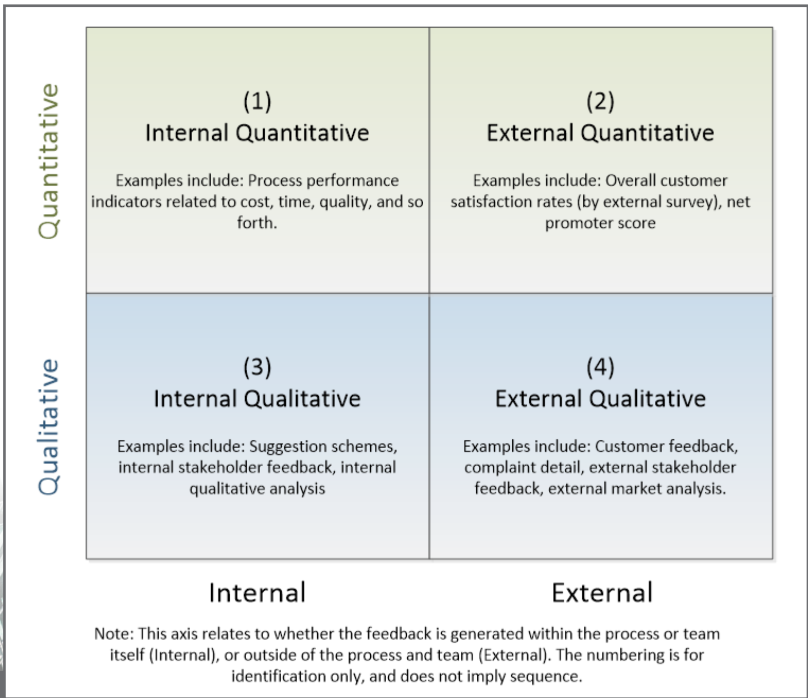


Figure 1: Types of feedback. Diagram © Blackmetric Business Solutions Ltd, Used with permission

It is useful to consider measurements and feedback across all of the quadrants shown. The way that we assemble, assess and action feedback is likely to vary depending on whether it is quantitative, qualitative, internal or external. This is elaborated further below.

Internal Quantitative Feedback (Quadrant 1)

Quantitative feedback measures can be defined as those that:

> "… are numerical, countable, or finite, usually involving amounts, quantities, or rates." (IIBA, 2015)

Internal quantitative feedback can be considered as those things that can be measured directly (or calculated/derived) from data that the end-to-end process or team itself provides. In fact, it is crucial that we build in the collection of the relevant data into our processes. If we want to measure throughput or speed, then building systems that capture this data as a matter of course will be extremely useful. We should also ensure that the metrics and the targets that are set against them are revisited regularly, to ensure they are still relevant and appropriate.

Many operational dashboards focus on these types of internal process metrics — which might include speed, throughput, quality, return rate and so forth. These types of metric often assess whether we are meeting agreed targets, and provide a useful health-check. When problems arise, these metrics often indicate the type of problem that is occurring — but they will rarely (on their own) tell us why or where the problem has occurred. They are also, generally, lagging indicators — they tell us what has happened). Drawing on the metaphor of a car dashboard discussed early, if the oil lamp illuminates, you know you have a problem (you are low on oil), but this gives no indication of why this has happened — and as anyone who has tried to track down an oil leak will attest to, it might take quite some time to diagnose the root cause. The same is true with many management dashboards. For example, in a call center an increase in call processing time could be due to staff turnover, training issues, a glut in complex queries or even technical issues meaning that the call center agents' computers run slowly.

Overall, these types of indicators provide very useful insight and we should ensure they are captured, analyzed and revisited regularly. They will indicate where problems occur — but it can be useful to think beyond these metrics too.

External Quantitative Feedback (Quadrant 2)

External quantitative feedback metrics are those that are still numeric or measurable in some way, but are generated or dealt with outside of the process itself. For example, customer complaints are probably captured and catalogued by a different process and perhaps a different team too — and typically they are assessed and a root cause found. Therefore, complaint rate (or a derivation of complaints rate, e.g. % complaints/order) relies on information and data outside of the immediate process. Additionally, there might be occasions where wider ranging surveys are carried out to determine customer satisfaction more generally. These might include questions relating to a particular department or team (along with questions about the team's efficiency and effectiveness) but they will likely have a wider focus too. Yet this insight can be extremely valuable. Indeed, it is extremely useful to ensure that we have adequate external quantitative measures on our dashboards, to complement the internal measures. Whilst the internal feedback will help us benchmark us against what we think the market and environment wants, the external feedback may indicate whether the market expectation has changed or is changing, amongst many other things.

Imagine we are an insurance broker dealing with packaged business insurance. We may (for example) aim to have all policy documents posted within 72 hours. Yet, if our customers expect them more quickly (or expect them digitally), then the fact we are aiming for 72 hours is somewhat irrelevant; we aren't adequately managing the customer's needs and expectations — and this would likely show on the external metrics (for example, in customer survey results and so forth).

Internal Qualitative Feedback (Quadrant 3)

Qualitative factors can be described as:

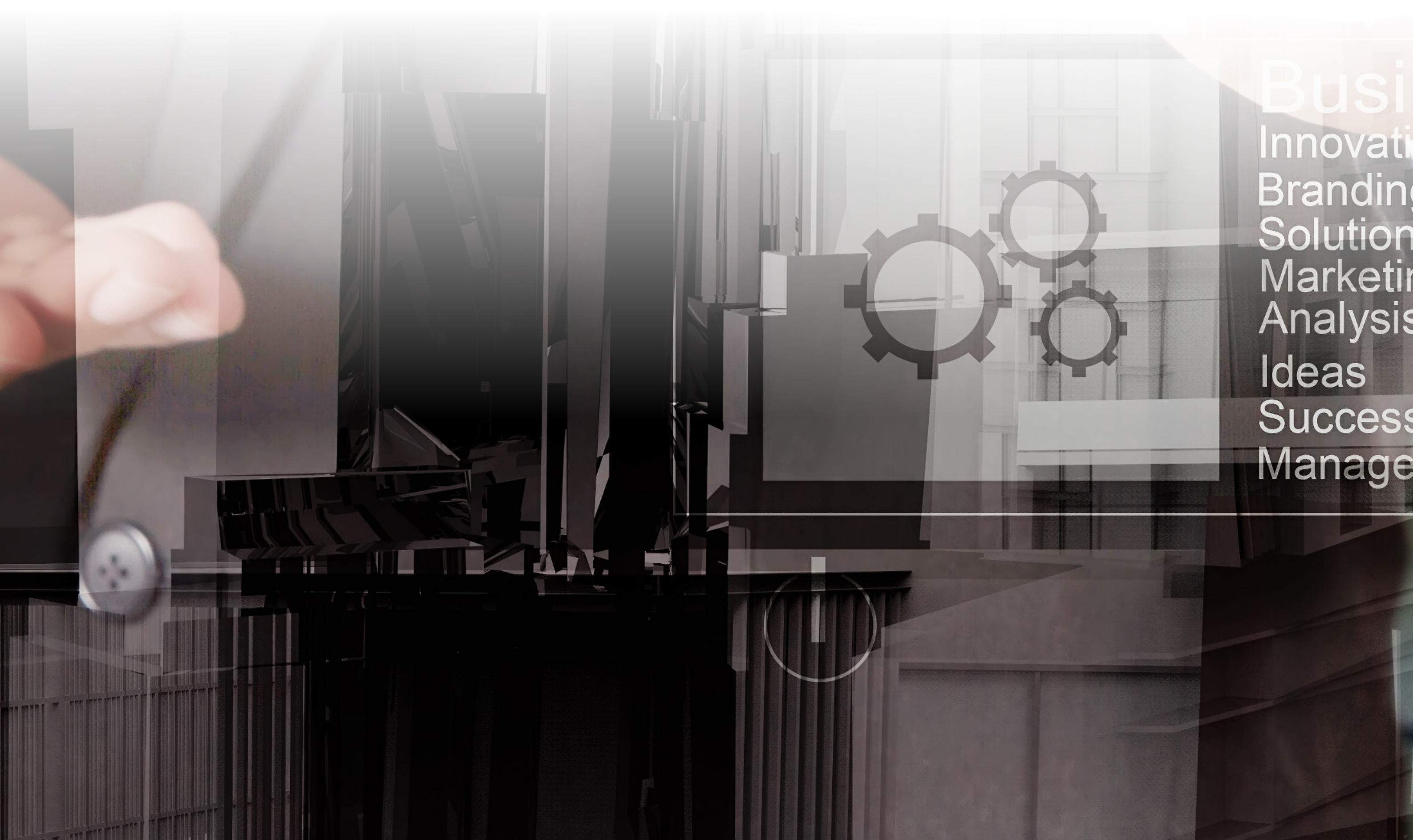
> "[being] subjective and can include attitudes, perceptions, and any other subjective response. Customers, users, and others involved in the operation of a solution have perceptions of how well the solution is meeting the need." (IIBA, 2015)

Internal qualitative feedback is generated by, or during the execution of the process itself (or by the teams that directly undertake the tasks). It can involve seeking feedback from internal stakeholders up-stream or down-stream in the process, and eliciting opportunities for improvements. The nature of this feedback varies, but there are broadly two types: push and pull.

Push

This feedback is 'pushed' upon us, often unsolicited. For example, a member of staff may bring a suggestion, problem area or potential solution to us. Perhaps they have spotted a way of improving the process even further, or perhaps they have discovered new types of exceptions that the process was never designed to handle.

In many cases feedback that is proactively pushed comes from individuals who are very enthusiastic about the issue under discussion, and it can prove very useful to investigate further. Organizations employ 'open door policies' for this very reason (amongst others) — so that issues and concerns can be raised and discussed openly. It is therefore important that our organization encourages the pro-active escalation of ideas — providing it is done with good intent, of course!



Pull:
Other feedback is ‘pulled’; perhaps by asking people to submit their top problems or suggestions. Some organizations have regular suggestion schemes where they encourage people to submit their ideas (perhaps offering a small prize for the most favored idea).

A key consideration, when designing and refining processes is to ensure that clear channels are open for internal qualitative feedback to flow. In some cases, problems and ideas that are generated at the front line—by the people who are often closest to the issue—may not bubble through to decision makers. There is a larger question about organizational culture and hierarchy which is beyond the scope of this paper—however you may find the previous Orbus eBook “Empowering the front line: The relentless pursuit of value” a useful resource too.

External Qualitative Feedback (Quadrant 4)

Of course, a wide range of qualitative concerns originate from outside the process area too. These include the detail of customer complaints — often containing very useful insight into exactly what went wrong, and why. This kind of insight is extremely valuable, and although not all complaints will warrant a detailed investigation, there may be some that highlight a problem or a root cause (or an opportunity for improvement) that we simply weren't aware of.

In fact, whereas the quantitative factors we examined are generally lagging indicators — they tell us what has happened, some of the qualitative factors may help us predict what is likely to happen in future. They may show us the start of the trend — although of course this requires our own insight and interpretation. Examples include:

- **Customer feedback/complaints:** May show changing customer attitudes. This might lead us to carry out further focused market research, to see the extent of any changes, and may mean that we tweak our product, service or process before our competitors do. This, along with other relevant feedback opportunities, is one way that we can ensure the 'voice of the customer' is regularly considered and revisited, and that we're meeting their needs and value expectations.
- **Other external stakeholder feedback:** Feedback from other stakeholders who aren't direct customers or beneficiaries. This might be from regulators, industry forums, pressure groups, amongst many others.
- **External business environment changes:** Feedback or insight from external stakeholders can be valuable in assessing external business environmental changes generally. Conducting external environmental analysis using techniques like STEP, PESTLE or STEEPLE can help us spot the opportunities for our organization—and this of course may have a knock-on impact for processes.
- **External competitive analysis:** Building on the external business environmental analysis mentioned above, understanding who our organizations compete with is important. If you are a cinema, you compete not just with other cinemas in the area, but also with cable TV and streaming media services. Changes to the competitive market place can mean that expectations over service levels can change rapidly and significantly.

When designing and optimizing processes, it is very easy to inadvertently focus purely on the internal feedback. However, expanding our horizons and ensuring we consider a range of internal and external feedback will ensure that our processes are hitting their targets and will help ensure that we are setting targets that are meaningful for our customers, stakeholder and that make sense in the context of the business environment. These feedback loops help us stop drifting off course, and ensures that the customer is kept front-of-mind. As Markey et al observed in 2012:

> “The strongest feedback loops do more than just connect customers, the front line, and a few decision makers in management, however; they keep the customer front and center across the entire organization.” (Markey, Reichheld and Dullweber, 2012)

From Feedback to Action

> “Nodding the head does not row the boat” – *Irish Proverb*

So far in this paper, we have discussed the different types of feedback that can help us to gain further insight into a process. Utilizing a range of these feedback indicators will help us check the health of a process, and will help us to understand where changes and improvements may be needed. It should be noted that the nature of the process will define the number and type of feedback points collected — some small, stable, relatively self-contained processes may require comparatively few. Other competitive processes in volatile business environments may require more. However, feedback itself does not lead a process to improve. Further analysis and action is required.

To help ensure that the relevant action happens, it is crucial that we ensure that the collation of feedback and other insight is as trouble-free as possible. If it is effortful to collate, this may act as a barrier and we may find that the activity is dropped when time is short.

It may be possible to automatically collate some internal quantitative metrics, and some quantitative metrics may require initiatives of their own to be set up (e.g. suggestion schemes, or complaint analysis). These initiatives will generate feedback spanning multiple processes, and often complement work that already happens within an organization. Additionally, it may well be that external environment analysis/competitive analysis is already happening in an organization — certainly, one would hope so! — yet it may be that nobody has considered letting that insight trickle down to a process level. Repurposing this (existing) insight and feedback at a more granular level — whilst also ensuring that any action taken is aligned with the organization’s strategy — can be extremely beneficial.

It can be useful to schedule the examination of feedback, and ensure that the analysis leads to adaptation or improvement (where deemed necessary or useful), as indicated by figure 2:

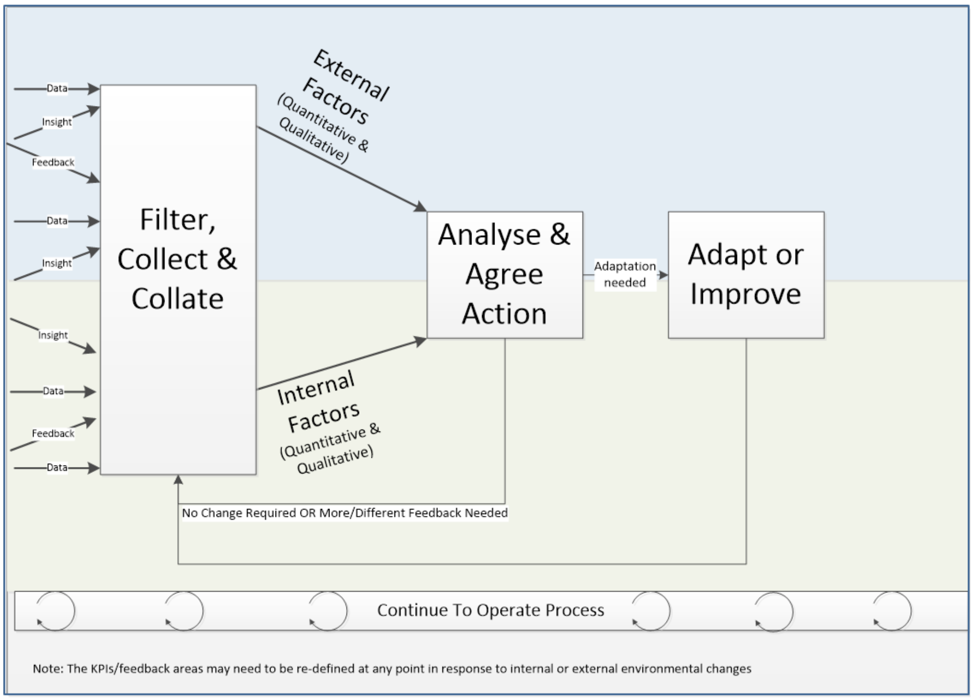


Figure 2: Embracing actionable feedback.

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Over time, embracing feedback can become a new normal. It is the ‘way we do things around here’. It creates better processes for workers, customers and other stakeholders, and it can keep us ahead of the game. Creating processes that learn isn’t purely the province of senior management — the people closest to the customer often have significant insight — and can help drive a relentless pursuit of value.

Conclusion

Ensuring that we build processes that regularly and routinely collect, collate and action feedback is crucial. However, it is worth looking beyond the internal feedback areas, and ensuring that our processes align with the external environment and the organizational strategy. These types of activity don't need to be time consuming, and often organizations are already carrying out some or all of the activities necessary to compile the external feedback, but collating it and considering it at a process as well as organizational level can be extremely beneficial.

References & Further Reading

References

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Markey, R., Reichheld, F. and Dullweber, A. (2012). Closing the Customer Feedback Loop. Harvard Business Review, September 2012.

Reed, A. (2015). Empowering the front line: The relentless pursuit of value. 1st ed. [ebook] London: Orbus Software. Available at: http://www.orbussoftware.com/resources/downloads/empowering-the-front-line/ [Accessed 3 Apr. 2016].

Further Reading:

Readers interested in the topics raised in this paper may find the following resources useful:

Cadle, J., Paul, D. and Turner, P. (2014). Business Analysis Techniques. Swindon: BCS Learning & Development Limited.

Pullan, P. and Archer, J. (2013). Business analysis and leadership. London: Kogan Page Limited.

About Adrian Reed:

Adrian Reed is a Consulting Lead Business Analyst who is passionate about the analysis profession. He is Principal Consultant and Director at Blackmetric Business Solutions (www.blackmetric.co.uk), where he provides business analysis consultancy and training solutions to a range of clients in varying industries. He is also a director of the UK chapter of the International Institute of Business Analysis (IIBA). Adrian is a true advocate of the analysis profession, and is constantly looking for ways of promoting the value that good analysis can bring.

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