
INSIGHTS FROM A MOVIE THEATER EXPERIENCE

A Lesson in Business Process Improvement

BY GREG JORDAN

I recently found myself standing in a long line at my local movie theater's concession stand, frustrated because I was missing the start of the movie, trapped in a plodding food line. I puzzled over why I couldn't buy tickets, get popcorn and gummy bears, and be in my seat in less than 10 minutes. Why don't they hire more people to keep the lines short? Someone grumbled. A previous visit to this same theater came to mind, when I had stepped in the dreaded sticky spilled drink under my seat. It stuck to the bottom of my shoe for at least two hours. I resolved right then to find myself a new theater.

What if all these problems could be fixed simply, without adding staff or cost, and at the same time increase the number of patrons? Impossible? Not if management were to implement Continuous Business Process Improvement (CBPI).

A business process is any group of related tasks that use the resources of the organization in support of a company's objectives. Customer Service, a manufacturing operation, sales methods, new product development, employee performance review systems, warehousing, management approvals, and yes, even the theater entertainment experience, are examples of business processes. Business processes directly or indirectly produce products and services that customers buy.

In working with large and small companies, I have learned that the more attention people pay to CBPI, the more they satisfy customers.

Customers are both satisfied today and confident that their partner is working hard on their future satisfaction. This creates a differentiation and a loyalty for your company, keeping existing while attracting new customers. Companies that make CBPI an important part of their operating focus create new paths to success.

Today, there are many examples of companies where people did not learn the power of CBPI. Their stories are of obsolete products, poor quality, non-competitive price, or not on-time delivery—the stuff of lost business and poor morale. For our theater example, how many people silently made the same resolution I did, to never return? Theater management seemed unaware or uncaring that they had a slow leak of valuable customers away from the business. When these conditions exist, leadership is responsible.

Big Is Not Smart

Even Icon companies are affected by these dynamics. Consider the recent decline of the Ford Motor Company. Ford was in last place in quality ranking among the seven largest automakers in 2001, despite the well-recognized "Quality is job one" slogan. Today, Ford is desperately working on quality to catch up to competition. Working on quality is another way to say fix the business processes that create defects.

Why didn't Ford pay more attention to the quality in its design and production processes? The answer is that they didn't make enough

progress to remain competitive with the likes of Honda and Toyota. Many companies put off working on process improvement until there is more time to do it – which is the corporate equivalent to getting around to changing the oil in the car. However, sometimes it doesn't happen until the engine breaks down.

People Issues

Another example involves people processes. A recent study showed that employee turnover costs have eroded earnings and stock prices by an average of 38% in four high turnover industries. It indicates that turnover ranges from 31% annually in call centers to 123% in the fast food industry. Employee turnover is costing companies in these industries more than \$75 billion to replace the more than 6.5 million employees who leave companies every year. Average turnover across all US industries has climbed to nearly 15%. Employee turnover is draining profitability from companies in many industries. CBPI tools facilitate the understanding of the root causes of systemic people problems like this and help develop effective solutions.

Opportunities

On the other hand, CBPI creates opportunities. Better products and services create an important advantage over competition. The American Customer Satisfaction Index (ACSI) is an independent measure that tracks consumer satisfaction. The index today holds at just above 70 out of a possible 100 points. It has not improved much since it began in 1994. The remaining 30 points represents a huge opportunity to grow business. Those who have exceptional business processes will be in a position to claim a share of this opportunity.

What Is It?

CBPI blends Total Quality, and a form of Lean thinking, and Cycle Time Reduction. Despite the fancy titles, what they do is systematically remove activities that are more than the minimum required to perform a task. These non-value added activities are the enemies of speed and low cost.

Team Focus

Chartered CBPI teams focus on a specific process. These teams are trained on CBPI tools and work together closely in a forum called a Kaizen workshop. They use a proven method of mapping their current processes, they then identify non-value added activities, and the design and implementation of processes using such concepts as the seven wastes: overproduction, waiting, defects, transportation, motion, inventory, and over processing. They determine root causes of problems and change the process. It is important that these teams actually make the physical and procedural changes. They also create standardized methods and invent ways to error-proof processes. They also use the 5S (sort, set in order, shine, standardize, and sustain) to make it easier to find materials, see defects in the work environment, and to assist in identifying needed changes. This effort creates better products and services at less cost with fewer delays. 5S and other visual changes create powerful symbolism that “we are different now” and makes finding the right tools, and materials easy.

Skill Development

Perhaps the best news is how people develop new skills and become more inspired by their work. They feel more valued and more in control of their work. With Management's support, they learn to resolve technical, process, and cultural barriers. They learn to see with new eyes, critically evaluate each step in their work

process, and make positive change. Tammi, a purchasing agent for an electrical wholesale distributor recently went through a Kaizen event. “In addition to the money and time we saved it made us more aware” she says of “the importance of the customer, and our own inside and outside sales work.” She and her teammates have changed their thinking and attitudes in ways that will keep generating value for their customers, and their work is much more fulfilling. A series of these experiences begins to positively change the culture. Customers will notice and like the difference.

Leader Involvement

Leadership must act to implement CBPI and to help people make the shift. The most important action is to commit themselves to CBPI as a long-term core value and strategy, with clear metrics that are integrated with other business strategies. It cannot be successful if it is treated as a program separate from the “real work.” It is important that leadership works to find the right balance between getting the “product out the door” and taking the energy and time to improve a business process that allows them to better serve the customer. Leaders must also educate themselves and the organization on applying CBPI tools. Constant communication of the benefits, progress, and gaps along with rewards for people who make it all work are critical elements to successful implementation.

If that theater would adopt both the tools and

spirit of CBPI, they would see that their criss-crossing walking patterns behind the counter is non-value added motion. They would rearrange their workspace to eliminate this waste and reduce customer wait time. They would regard a sticky floor or spilled popcorn as defects that must be fixed, and everyone would have an attitude that they are there to help provide an entertainment experience for their customer.

How much would that be worth? Who knows? But I would come back. I’ll bet that others would too.

I would encourage you to take a new look at your business processes, and ask yourself, “Where is our version of the bad theater concession stand?” I’ll be surprised if you don’t find at least one. Then ask yourself, “What will happen to our business if competition adopts CBPI before we do?” and finally, “How much more business can we gain if we would implement CBPI?”

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