



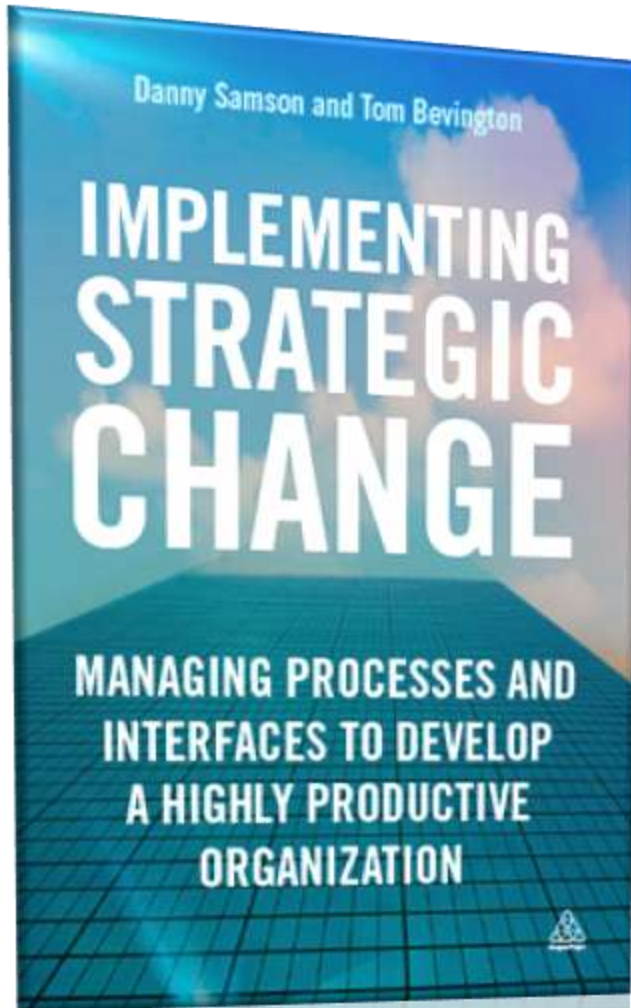
Profiting from Australia's huge
hidden
productivity and customer service opportunity

**Three weeks away from pinpointing a
performance leap?**

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Australia and NZ patents,
US and Canadian Patents pending

Foreword by Don Argus



“The ultimate challenge of any leader is to create a world class organisation, one that is highly productive and able to withstand competitive assault.

The book statistics ring true, one-third of organisational work is noise, or waste. ...[My] organisations have tried to implement Lean, TQM or Six Sigma with mixed success.... book lights up the reasons The 'hidden in plain sight' interfaces preclude progress. They must be identified and eliminated”

Don Argus AC

(Retired) Chairman BHP Billiton, Group CEO
National Australia Bank, Chairman Brambles

I was one of five people who have read the book.....

- “No organisation can deliver on better costs containment and productivity gains unless there is a concerted effort to properly manage the many interfaces in processes. This book is perhaps the first ever to explain how to do that really well for amazing results.”

Joan Fitzpatrick, CEO, Australia and New Zealand Institute of Insurance and Finance

- “Sustainably free up 10 – 15% of staff capacity without a call on precious capital and increase customer service and employee satisfaction? Interface mapping delivered all these in three different businesses.”

Louis Hawke, Managing Director, Product Strategy and Marketing, ANZ Bank

- “We use it to drive increased returns and volumes whilst building the engagement and commitment of our team. It enables us, with minimal time commitment, to understand where staff are allocating their time so that we are able to adjust to strategically align the work effort.”

Tom Lucey, Vice President, General Electric

Business strategy has two components:

✓ Define what is needed:

- Equipment
- Trained people
- Location
- Spares and supplies
- Procedures

✓ Deploy – make it work:

- Define and implement the changes needed to functional activities
- Align the interfaces/interfacing activities

Understand how processes work and gaps and weaknesses

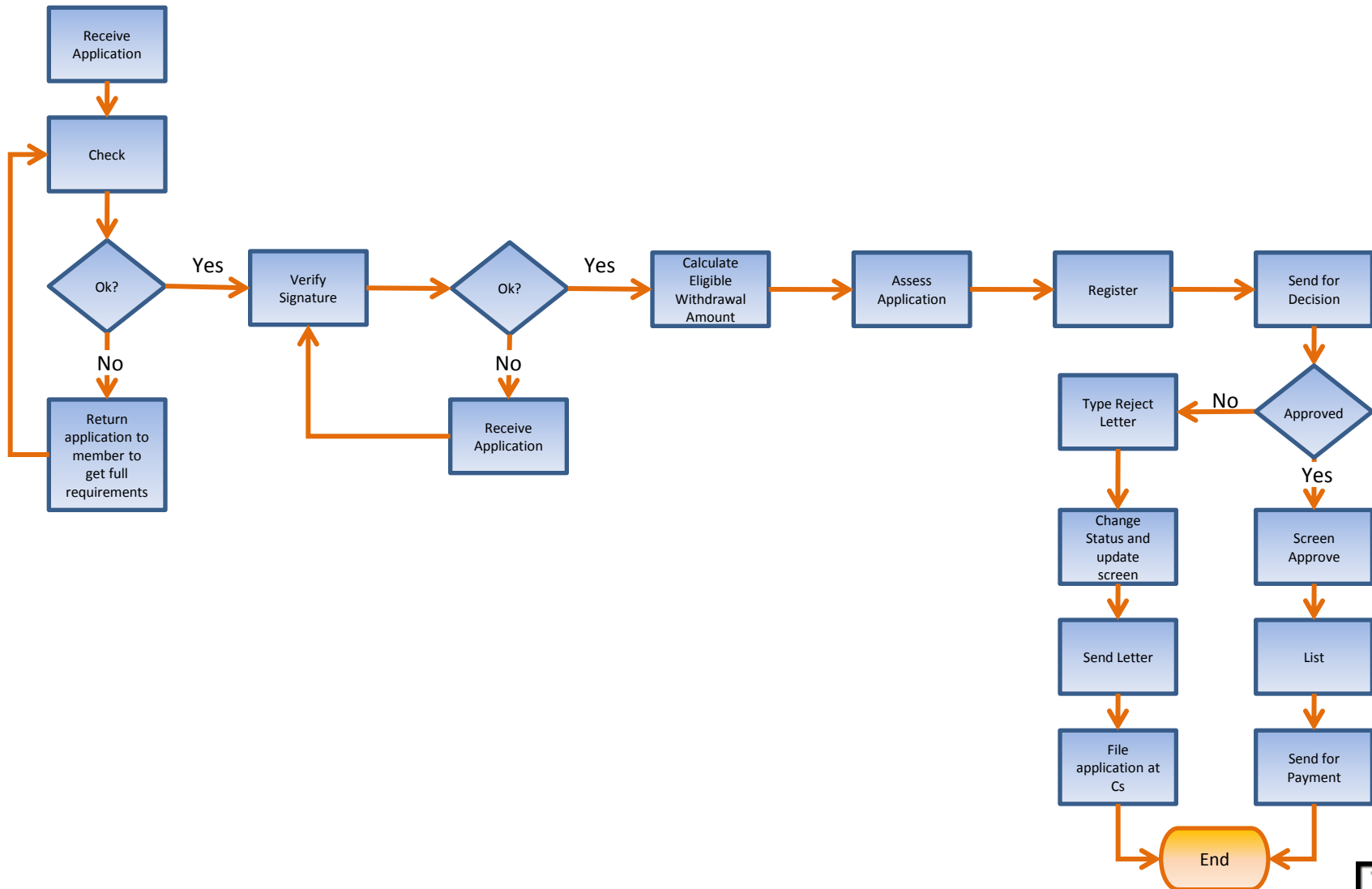
A need for an Interface Mapping Tool?

So what do we know from interface mapping 400 organizations across 4 continents?

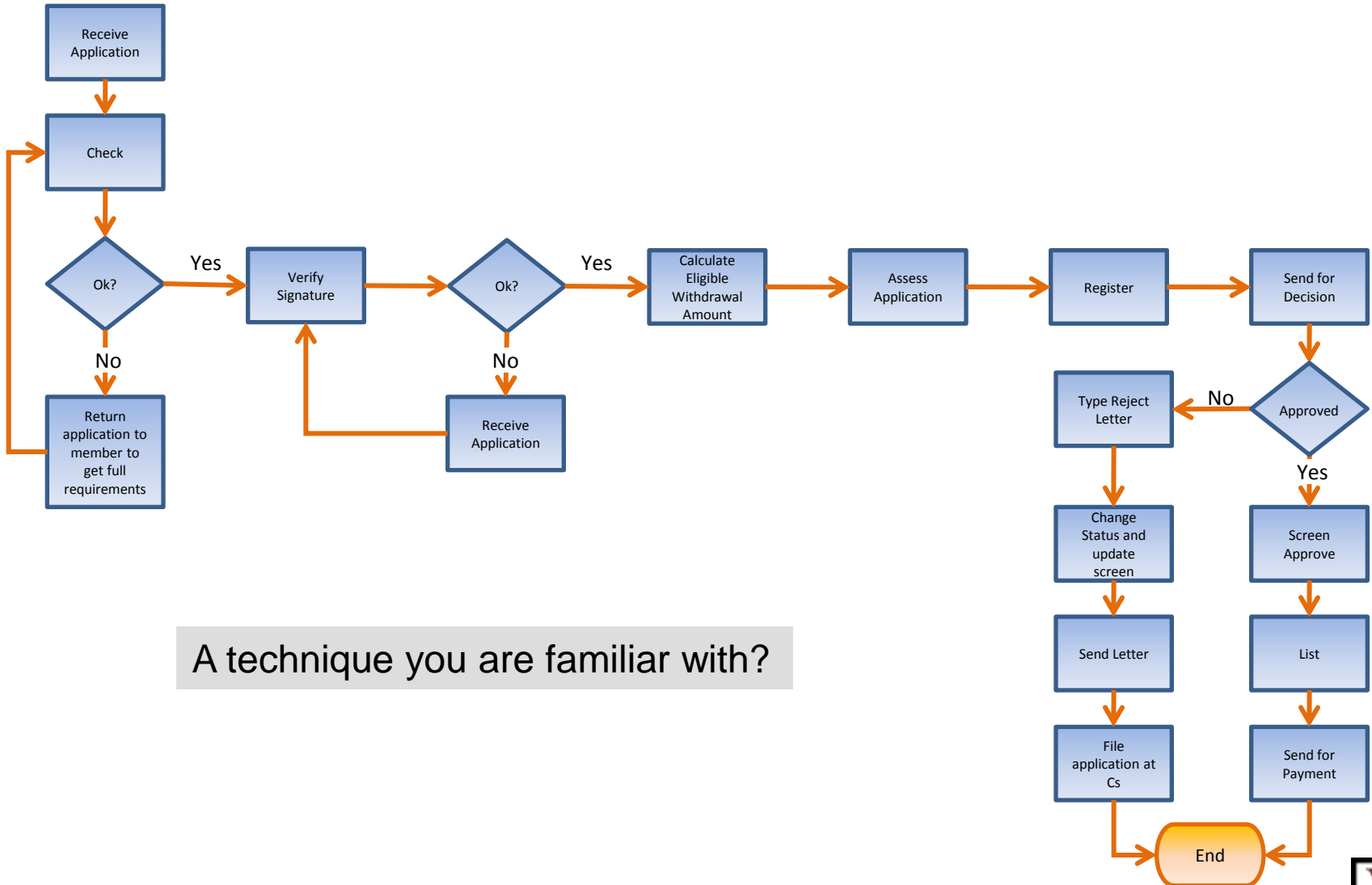
FIRST – the data from the last 5 years

- ✓ Data base of the last 117 organizations who interface mapped
- ✓ **13,657** staff and managers documented everything which they routinely do – **in less than 3 weeks**
- ✓ **395,832** activities
- ✓ **1,775,377** hours each month
- ✓ \$1.45bn annual cost

Firstly – No organization rigorously maps its interfacing activities – the activities needed to enable ‘stuff’ to be passed through organizations



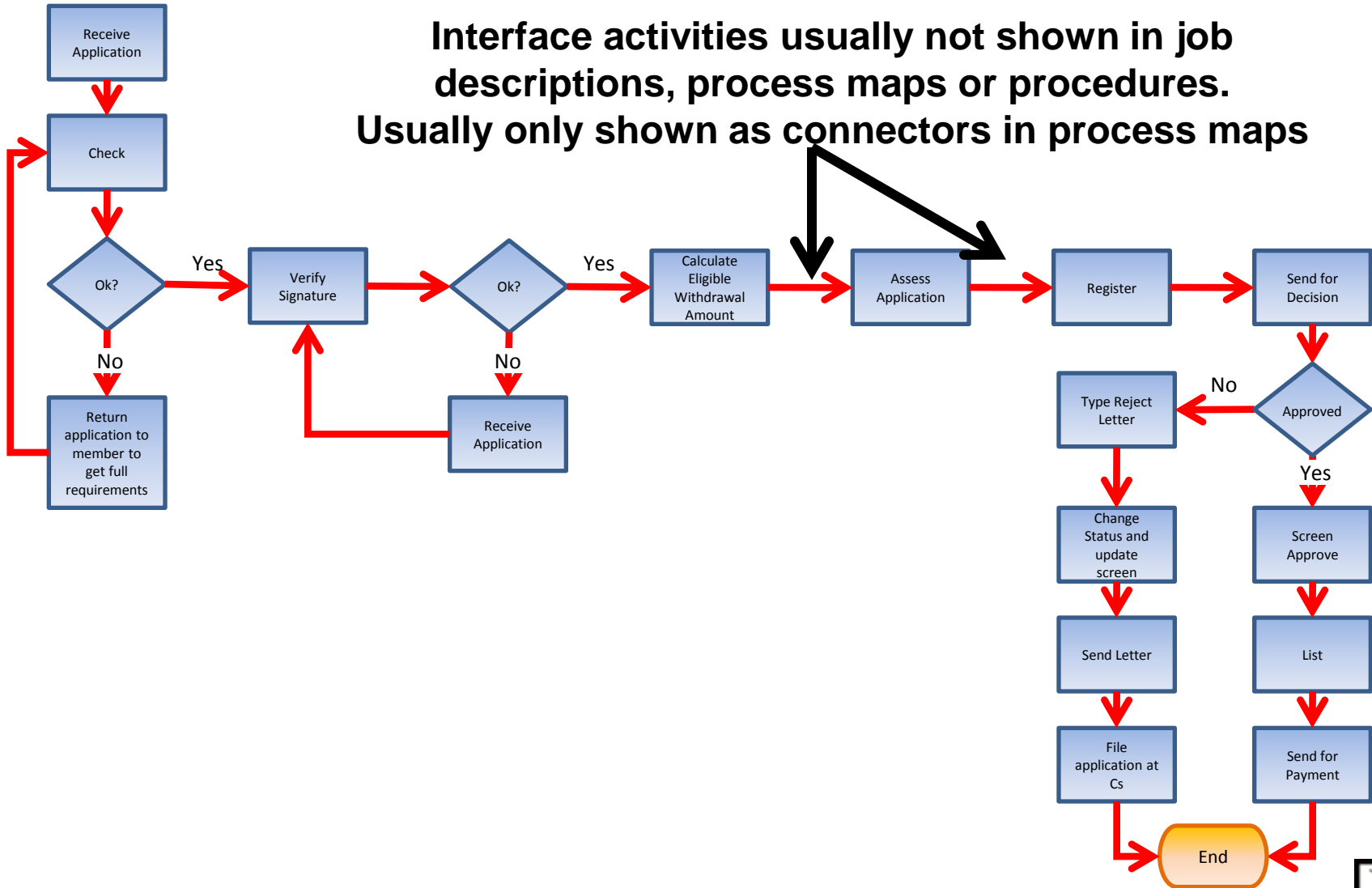
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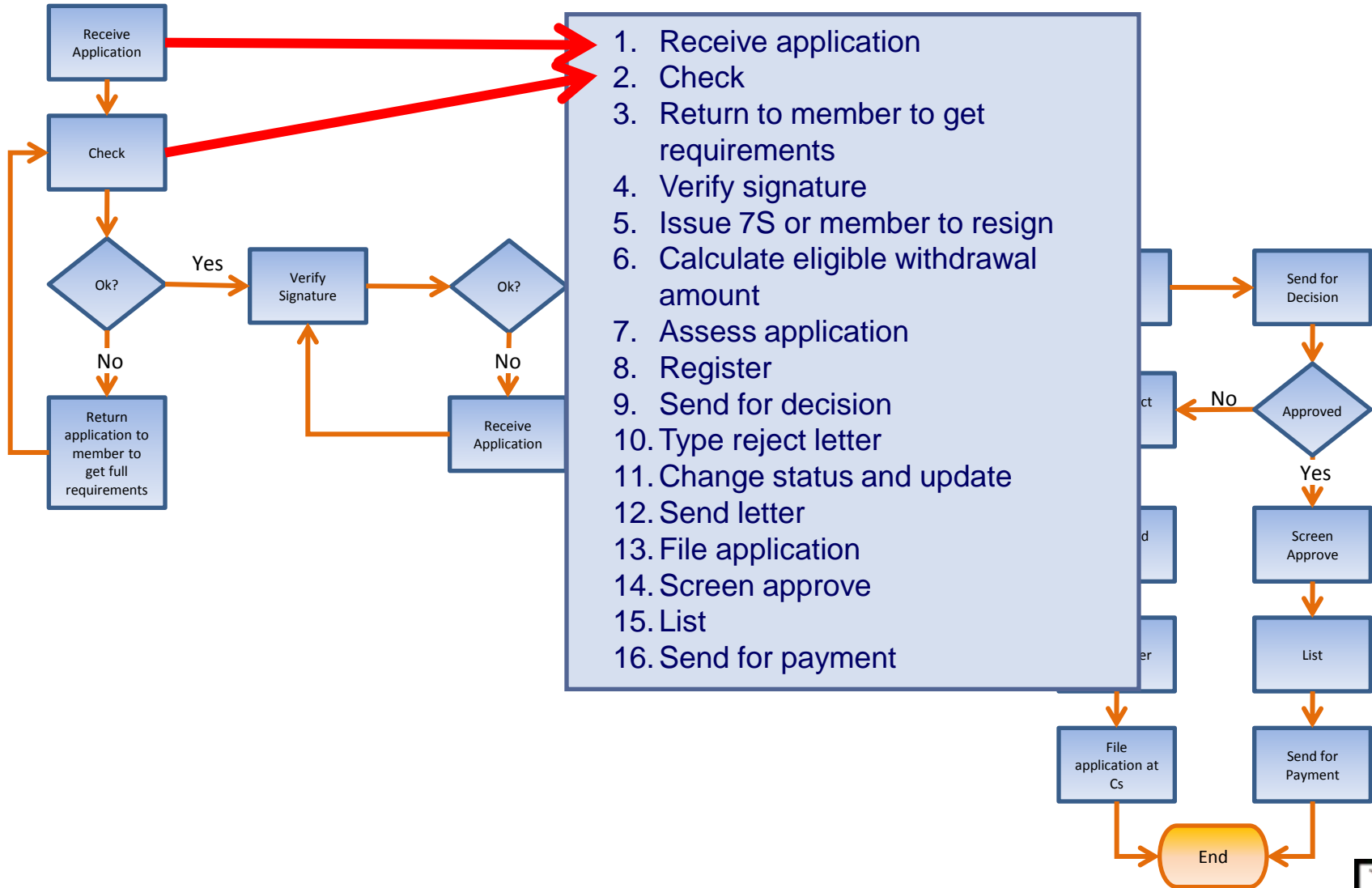
A technique you are familiar with?

Firstly – No organization rigorously maps its interfacing activities – the activities needed to enable ‘stuff’ to be passed through organizations

Interface activities usually not shown in job descriptions, process maps or procedures.
Usually only shown as connectors in process maps



There are 16, mainly functional, activities in this business process prepared by a dedicated team in a pensions administration company



Interface mapping revealed that just one activity, 'check', expanded to 14 – being really silly - a 1,400% increase in detail.

- Receive Application
1. Receive application
 2. Check
 3. Return to member to get requirements
 4. Verify signature
 5. Issue 7S or member to resign
 6. Calculate eligible withdrawal amount
 7. Assess application
 8. Register
 9. Send for decision
 10. Type reject letter
 11. Change status and update
 12. Send letter
 13. File application
 14. Screen approve
 15. List
 16. Send for payment

How step	Conduct general withdrawal applications checks	Hours Per Month Across 9 staff members
1	Open livelink to check for members signature and other details	9.6
2	If signature and other details do not match, query application, update comments and assessment sheet	10.0
3	Check bank account details (bank statement attached to members form)	12.7
4	If required email Finance division to validate bank statement/account	6.6
5	If bank confirms that account is not valid, update comments on system and assessment sheet	8.0
6	Check for processing fee on system if updated for members application	5.3
7	Press F3, then F5 (Withdrawal fees Enquiry) to view processing fee receipt details	5.3
8	If fees are not paid, then query for processing fees, update comments on system and assessment sheet	5.3
9	If fees are paid but not updated in the system, insert receipt number	6.5
10	Press ALT F2 to attach receipt	4.1
11	Check if photocopied documents submitted are certified true copies	7.1
12	Ensure that certification is by lawyer or if staff sights original then name of staff must be printed next to signature	6.9
13	Contact customer to discuss if any missing requirements	14.5
14	If request is outside guidelines then reject application.	8.2

Interface mapping revealed that just one activity, 'check', expanded to 14 – being really silly - a 1,400% increase in detail.

Receive Application	How step	Conduct general withdrawal applications checks	Hours Per Month Across 9 staff members
1. Receive application			9.6
2. Check			10.0
3. Return to member to get requirements			12.7
4. Verify signature			6.6
5. Issue 7S or member to resign			8.0
6. Calculate eligible withdrawal amount			5.3
7. Assess application			5.3
8. Register			5.3
9. Send for decision			5.3
10. Type reject letter			6.5
11. Change status and update			4.1
12. Send letter			7.1
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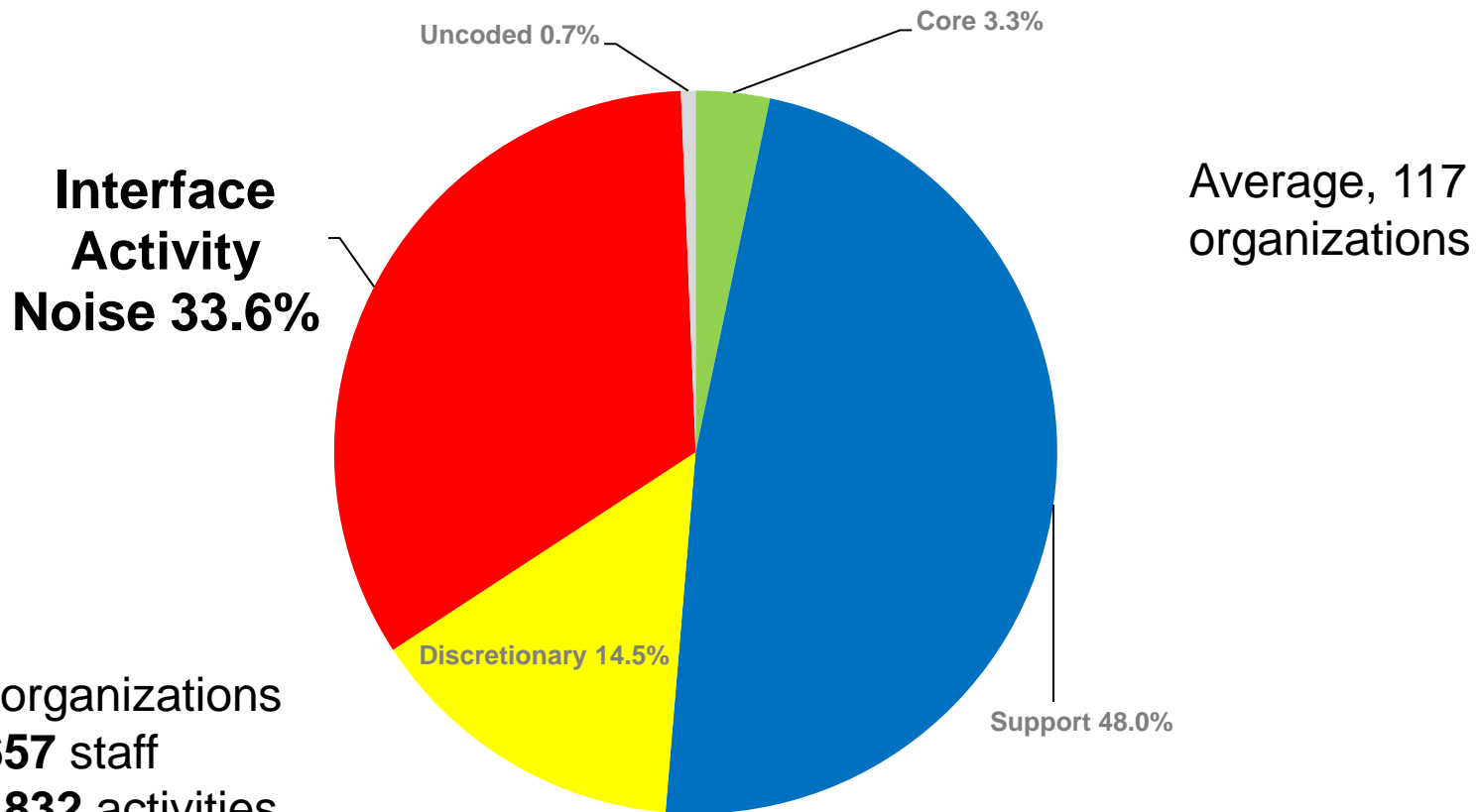
Our data base reveals that the ratio of documented to undocumented activities was > 1:3

84% of routine activities had not been documented

-
1. The data prepared by 13,657 staff and managers showed that **NO organization rigorously maps its interfacing activities.**
 2. **Undocumented interfacing activities outnumber documented activities by at least 3:1**

If interfacing activities are important - how can you manage them if you don't know about them?

Thirdly – Interface mapping really matters:

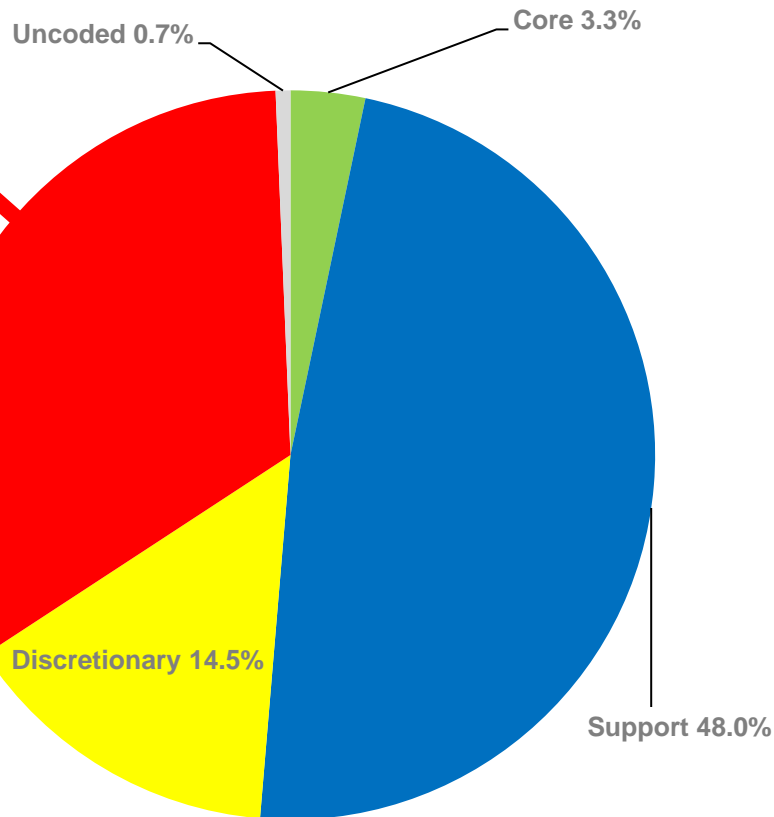


117 organizations
13,657 staff
395,832 activities
1,775,377 hours/month
\$1.45bn annual cost

Thirdly – Interface mapping really matters:

**Chase,
Correct
Complete
Consequences**

**Interface
Activity
Noise 33.6%**



Average, 117 organizations

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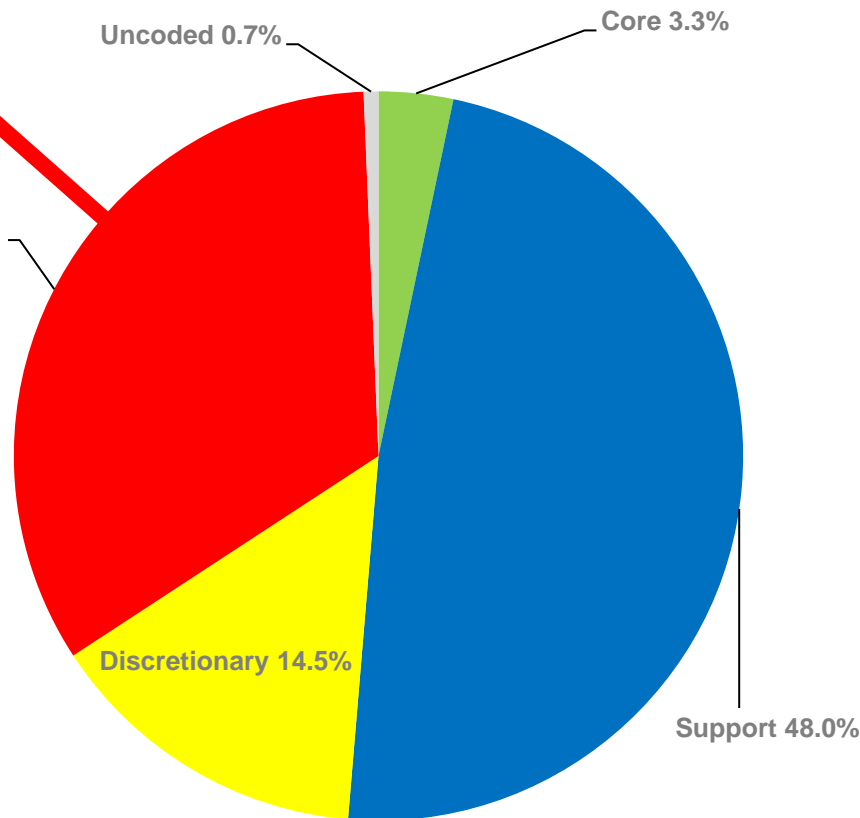
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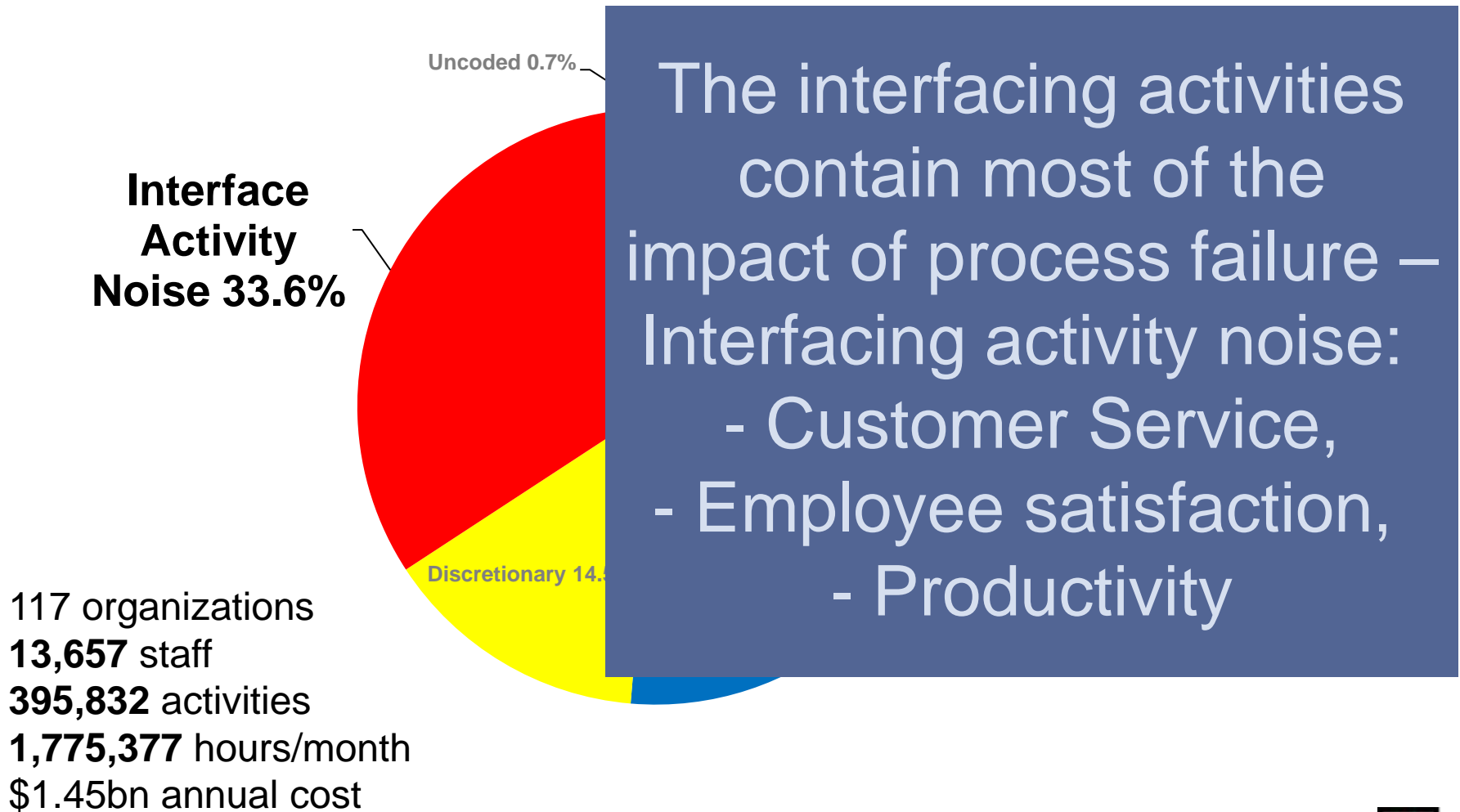
1 2/3 days
In every 5

117 organizations
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Average, 117 organizations

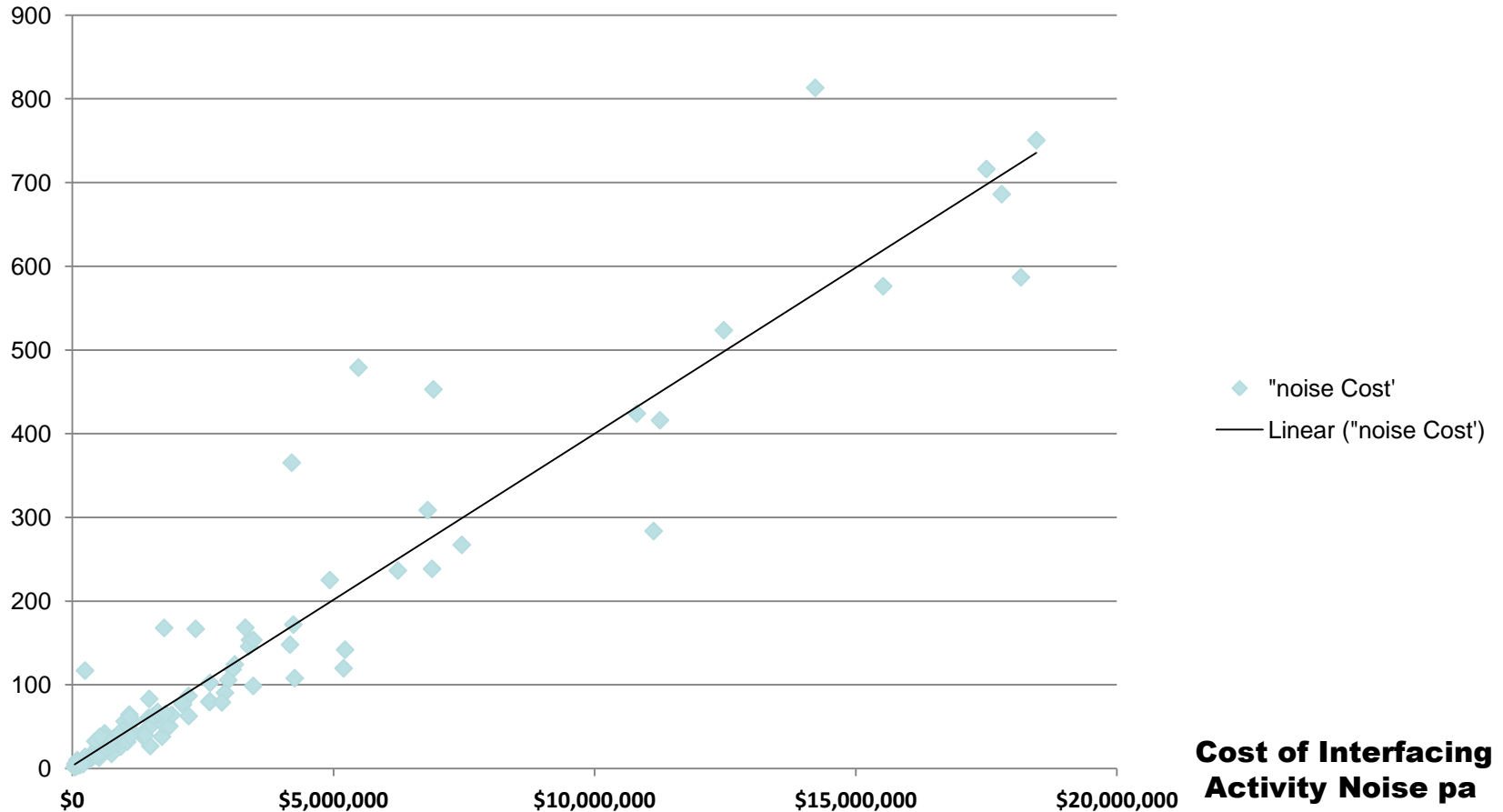
Thirdly – Interface mapping really matters:



Interface activity noise is found in all businesses – and costs about \$25,000 per employee per annum

Nbr Staff

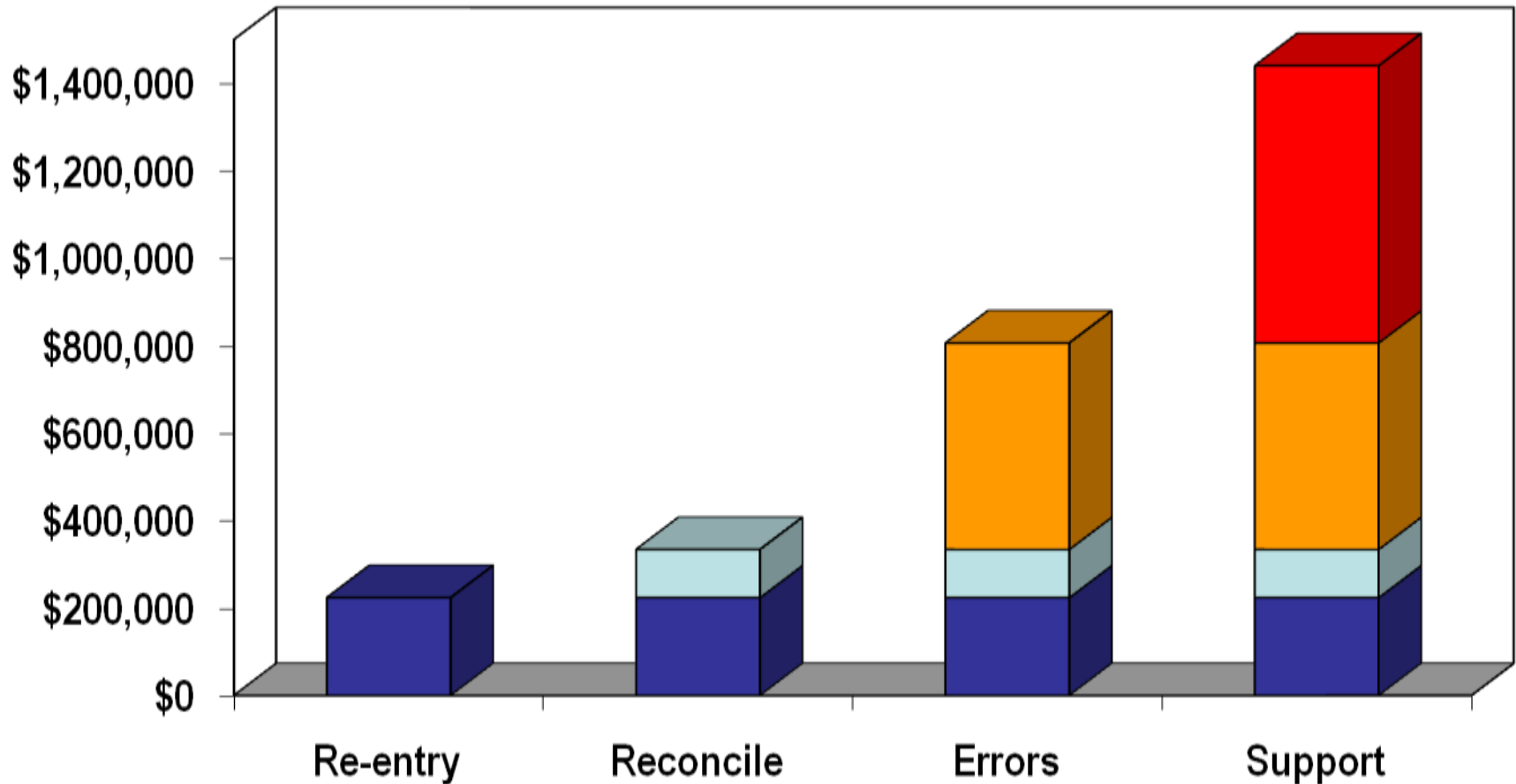
Noise Cost against Organization Size



Cost of Interfacing Activity Noise pa

-
1. NO organization rigorously maps its interfacing activities.
 2. Undocumented interfacing activities outnumber documented activities 3:1
 3. Interfacing activity **noise** on average absorbs **1⅔ days per week per employee** – equating to **\$25,000 per person employed per annum** – **huge potential**

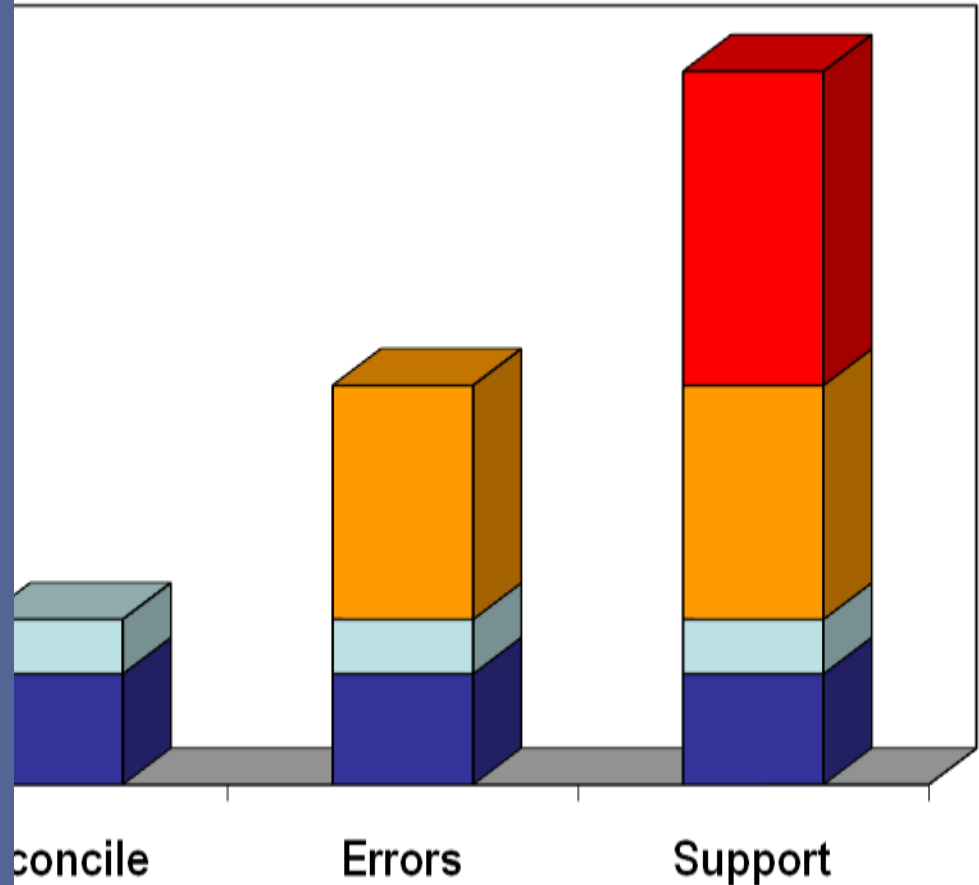
Fourthly, Noise created in one team infects the rest of the organization if not managed.



And the good news is -

Eliminate the duplicate entry of data in this call centre operator in order to eradicate the reconciliation, correction and support incurred elsewhere

Eliminate the work of 3 staff to save 20 & eliminate customer irritation, staff frustration and management distraction



-
1. NO organization rigorously maps its interfacing activities.
 2. Undocumented interfacing activities outnumber documented activities 3:1
 3. Interfacing activity **noise** on average absorbs **1⅔ days per week per employee** – equating to **\$25,000 per person employed per annum** – **huge potential**
 4. **Eliminate the main drivers of interface activity noise at source - invest a little and get a lot back.....**
 - the trick is pinpointing **the top 10 drivers out of at least a hundred**
 - And thus focusing on the high payback items

5 of the management principles found in the world's best practice organizations – probably self evident

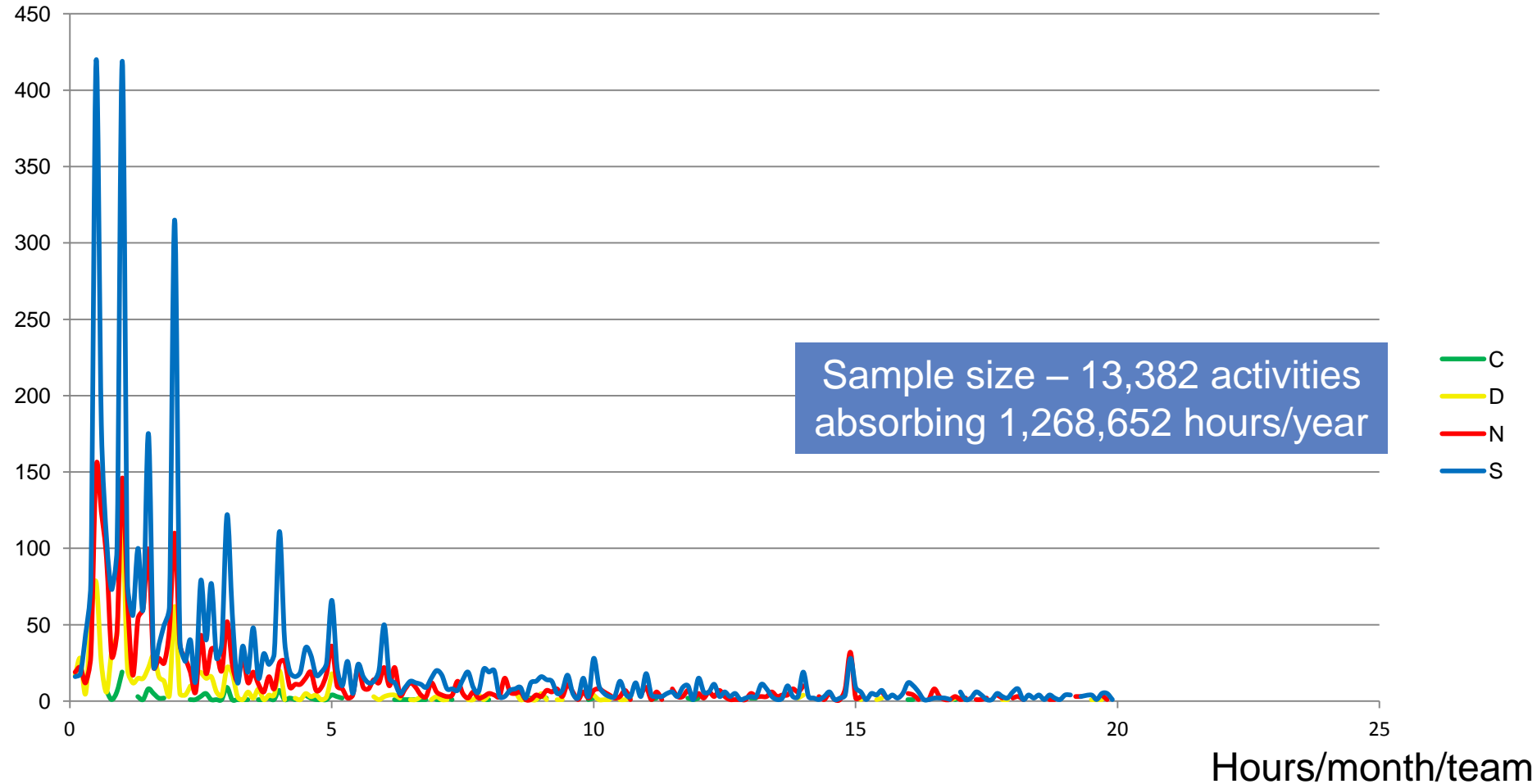
Principle	Description	Evidence of non compliance
Out front	The organization strives to lead the pack in all industry standards and practices: safety, customer service, product and process design, environmental management etc	?
Integration of effort	The organization is focused on value creation and process management, not functional needs and hierarchies	?
Discipline	The organization invests in policies, procedures and standards and applies a strong system perspective in everything it does	?
Customer Value	All employees understand the set of order winners & actively strive to enhance customer value creation	?
Time based	Time is developed as a critical organizational value. Business practices the principles of time based competition	?

So why do businesses ignore interfacing activity?.....

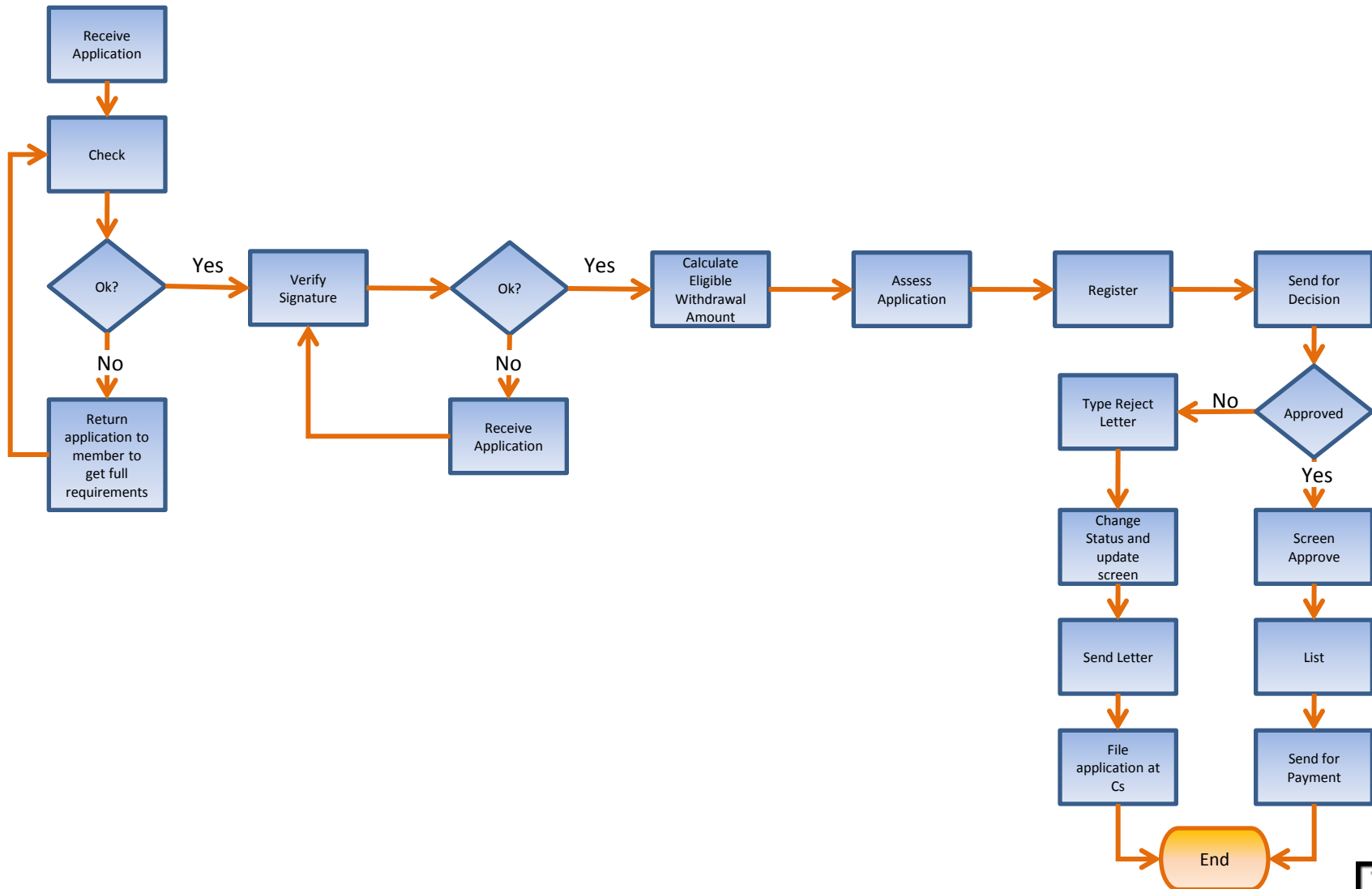
..... Because most interfacing activities seem small and irrelevant..... Until accumulated by cause (driver).

No of occurrences

Public sector organization



...and the tools have not been available to allow the staff doing the work to document what they really do – analogy – maps and GPS cartography



Interface mapping does not take forever....

Action	Weeks	Deliverables
Interface map the business	3	<ul style="list-style-type: none"> i. Categorized functional and interfacing activity data base. ii. Noise levels. iii. Staff 'connect' the activities they do to achieving the organizations priorities and goals
Build each key process from data and analyse	2	<ul style="list-style-type: none"> i. Pareto list of drivers. ii. Agreed priorities
Plan & conduct workshops with involved employees to develop solutions priorities	ongoing From week 5	Implement: <ul style="list-style-type: none"> i. No cost ii. Low cost iii. Investment
Monitor progress against measures to lock in the changes	ongoing	<ul style="list-style-type: none"> i. BCI measures, ii. compliance audits, iii. procedures

In Summary

1. Case for mapping/measuring interfacing activity:
 - Interfacing activity noise absorbs 1 $\frac{2}{3}$ days out of every 5 days worked (\$25,000 per person per annum)
 - Too many causes to rely on opinion
 - Reveals major causes of impaired customer service, employee dissatisfaction and productivity reductions
2. Addressing major causes will deliver world best practice. So you can use the data to:
 - Focus on the 5 – 10% of causes that matter
 - Avoid 100s of insignificant causes
3. Expect:
 - 15% productivity gains
 - Optimise expenditure on each targetted cause
 - Lift customer service and employee satisfaction

Case Study

Mail Processing Facility

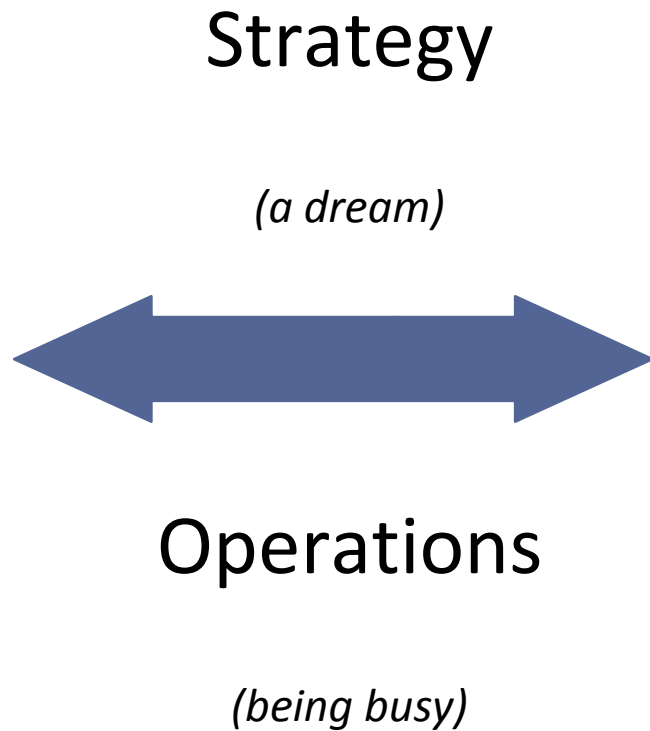
Bulk Mail Process

Mail processing facility overview

- ✓ One of the largest mail processing centres in the world
- ✓ Over 40,000 square metres
- ✓ 24x6 operation
- ✓ Employs approximately 1500 people in a full and part time capacity
- ✓ Processes 6 – 7 million mail articles a day, 20% of the national and 65% of Victoria's mail volumes
- ✓ Processing bulk mail (**the business reviewed**) engaged 119 full time staff



We needed to improve our productivity and, critically, improve retail delivery performance

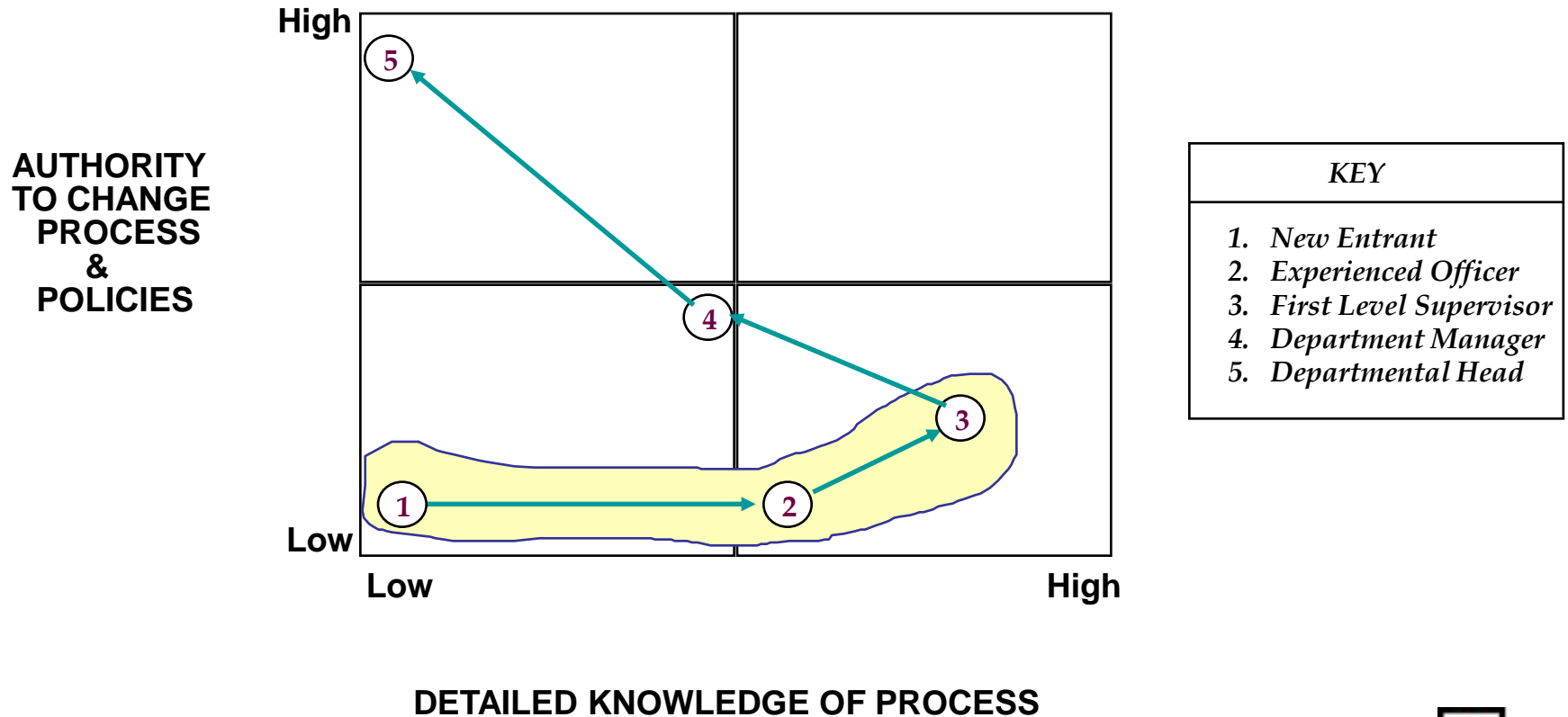


What we did

- ✓ Interface mapped the current bulk mail process using XeP3 tool to cover a full 24 hour period – including the largely undocumented interfacing activities – elapsed 2 weeks – 119 staff and team leaders
- ✓ Identified the resource cost of process inefficiencies in the Bulk Mail process
- ✓ Determined the opportunity to reduce the inefficiencies and minimize cost to the business

Why the people working in the process need to develop the process data

Typical Management Progression



Each Team, or Activity Unit, first documented all of the major tasks done

XeP3 *Tasks and Activities*

MF2

Status: **AU2 - Bulk Acceptance**
 Completed by:
 Team Member Check:


Quantified Tasks	Quantified Services
Load empty ULDS / supplies on truck for customers	
Unload 23 trucks per day	
Weigh ULDS (average 150)	
Check mail	
Check mail presentation and contact customer regarding discrepancies	
Release mail / ULDS to dock	
Record stats and complete register	
Process paperwork through the RAF system	
Check data entry and despatch invoices	
File mailing statements	
Follow up on customer queries	

They then documented how they achieved those tasks paying attention to capturing all of the formerly undocumented interfacing activities

XeP3 Tasks and	
Status:	
Completed by:	
Team Member Check:	<input type="checkbox"/>
Quantified Tasks	
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Process paperwork through the RAF system	
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File mailing statements	
Follow up on customer queries	

Main and Sub-Activities	
1 Load Empty ULDs / Supplies on Trucks 1.1 Collect forklift from charge area 1.2 If no forklifts available (non-recharged), contact tungsten 1.3 Check customer supply request sheet 1.4 Collect supplies from relevant area with the forklift 1.5 Store supplies in relevant area ready for despatch 1.6 Contact transport if no truck arrives at scheduled time 1.7 Load truck with appropriate supplies 1.8 Record truck departure on supply request	2.7 Record no. of ULDs against customer on register 3 Weigh ULDs 3.1 Using the forklift, collect each ULD from the bulk dock 3.2 Place ULD on scale 3.3 Record weight of ULD on manifest attached to ULD 3.4 Place ULD in checking area 3.5 If more than one job in ULD, do not weigh ULD and place in checking area
2 Unload Trucks per day 2.1 Collect customer daily bulk register from file in bulk office 2.2 Collect forklift from charge area 2.3 On arrival of truck, retrieve paperwork from driver 2.4 Check manifest against number of ULDs on truck 2.5 Unload ULDs with forklift 2.6 Place ULDs in appropriate area ready for weighing and checking	4 Check Mail 4.1 Retrieve customer paperwork from satchel 4.2 Match mailing statement to job no. on ULD manifest 4.3 If no mail statement, put mail in isolation area 4.4 Retrieve bulk checking sheet from folder in checking area 4.5 Record customer details on checking sheet 4.6 Record gross ULD weight, type of mail being checked, no. of trays in ULD and weight of ULD itself in appropriate areas on checking sheet

The third step was to allocate their time: The first major deliverable – exactly what everyone was routinely doing

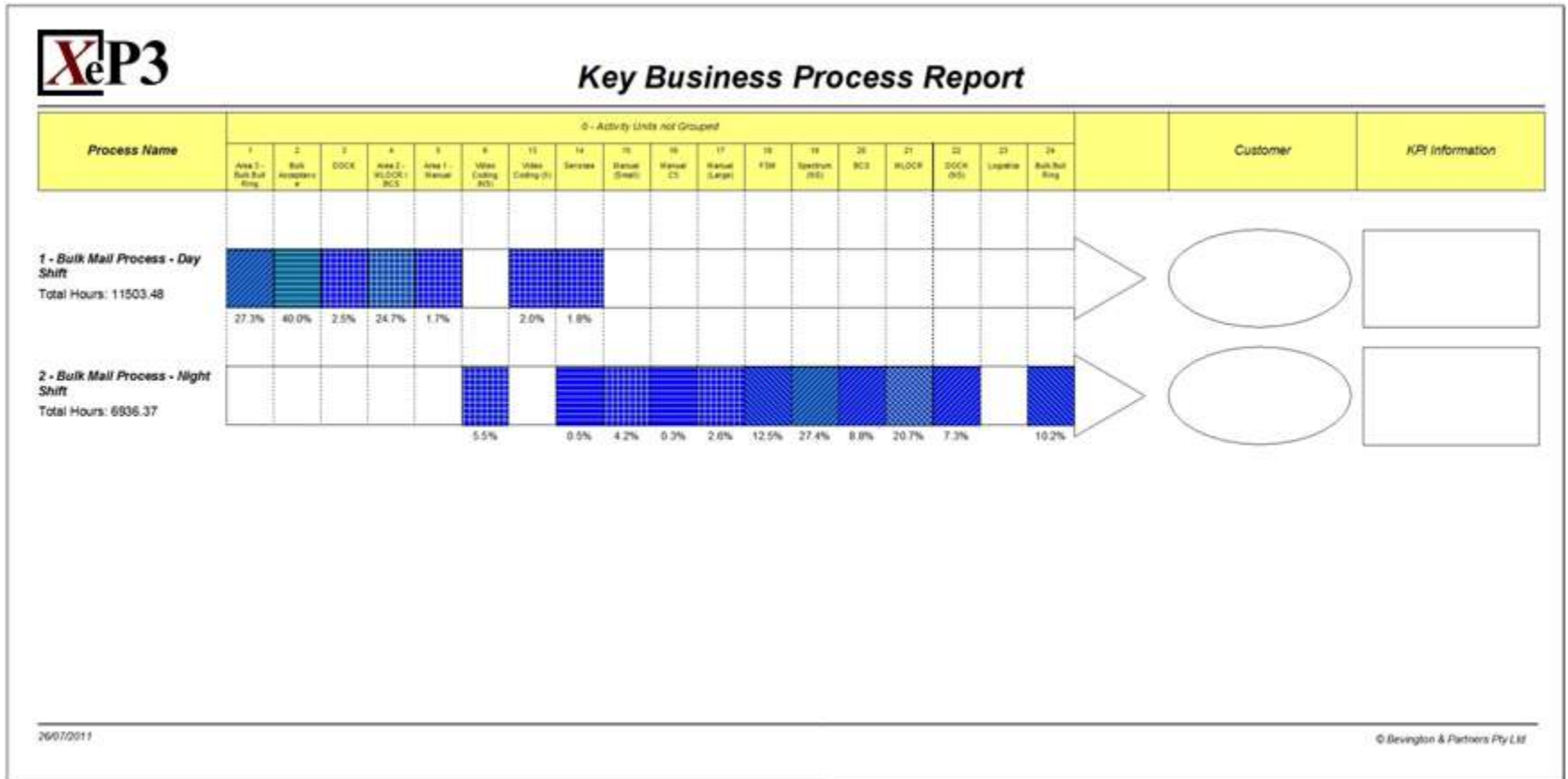
		Staff Time Allocation										MF3			
Status:												AU2 - Bulk Acceptance			
Completed by:															
Team Member Check: <input type="checkbox"/>															
Act. No	Activity	Cat	Tom	Jill	Fred	Sam						Paid Overtime	Hours	Hours %	Annual Cost per Activity (\$000s)
1	Load Empty ULDs / Supplies on Trucks														
1.1	Collect forklift from charge area	S		0.2								0.0	0.2	0.0%	0.0
1.2	If no forklifts available (non-recharged), contact tungsten	N		0.4								0.0	0.4	0.1%	0.0
1.3	Check customer supply request sheet	S		0.2		0.7						0.0	0.9	0.2%	0.0
1.4	Collect supplies from relevant area with the forklift	S		2.0		10.7						0.0	12.7	2.6%	0.0
1.5	Store supplies in relevant area ready for despatch	S		1.0		3.5						0.0	4.5	0.9%	0.0
1.6	Contact transport if no truck arrives at scheduled time	N		0.1		0.7						0.0	0.8	0.2%	0.0
1.7	Load truck with appropriate supplies	S		1.3		22.7						0.0	24.0	5.0%	0.0
1.8	Record truck departure on supply request	D				0.7						0.0	0.7	0.1%	0.0
Sub Totals:			0.0	5.2	0.0	39.0						0.0	44.2	9.1%	0.0
2	Unload Trucks per day														
2.1	Collect customer daily bulk register from file in bulk office	S										0.0	0.0	0.0%	0.0
2.2	Collect forklift from charge area	S										0.0	0.0	0.0%	0.0
2.3	On arrival of truck, retrieve paperwork from driver	S		0.1		1.0						0.0	1.05	0.2%	0.0
2.4	Check manifest against number of ULDs on truck	S		0.2		3.8						0.0	4.0	0.8%	0.0
2.5	Unload ULDs with forklift	S		0.5		22.9						0.0	23.4	4.8%	0.0
2.6	Place ULDs in appropriate area ready for weighing and checking	S		0.4		9.5						0.0	9.94	2.1%	0.0

Time: 2 Weeks to complete

This included them classifying their activities:

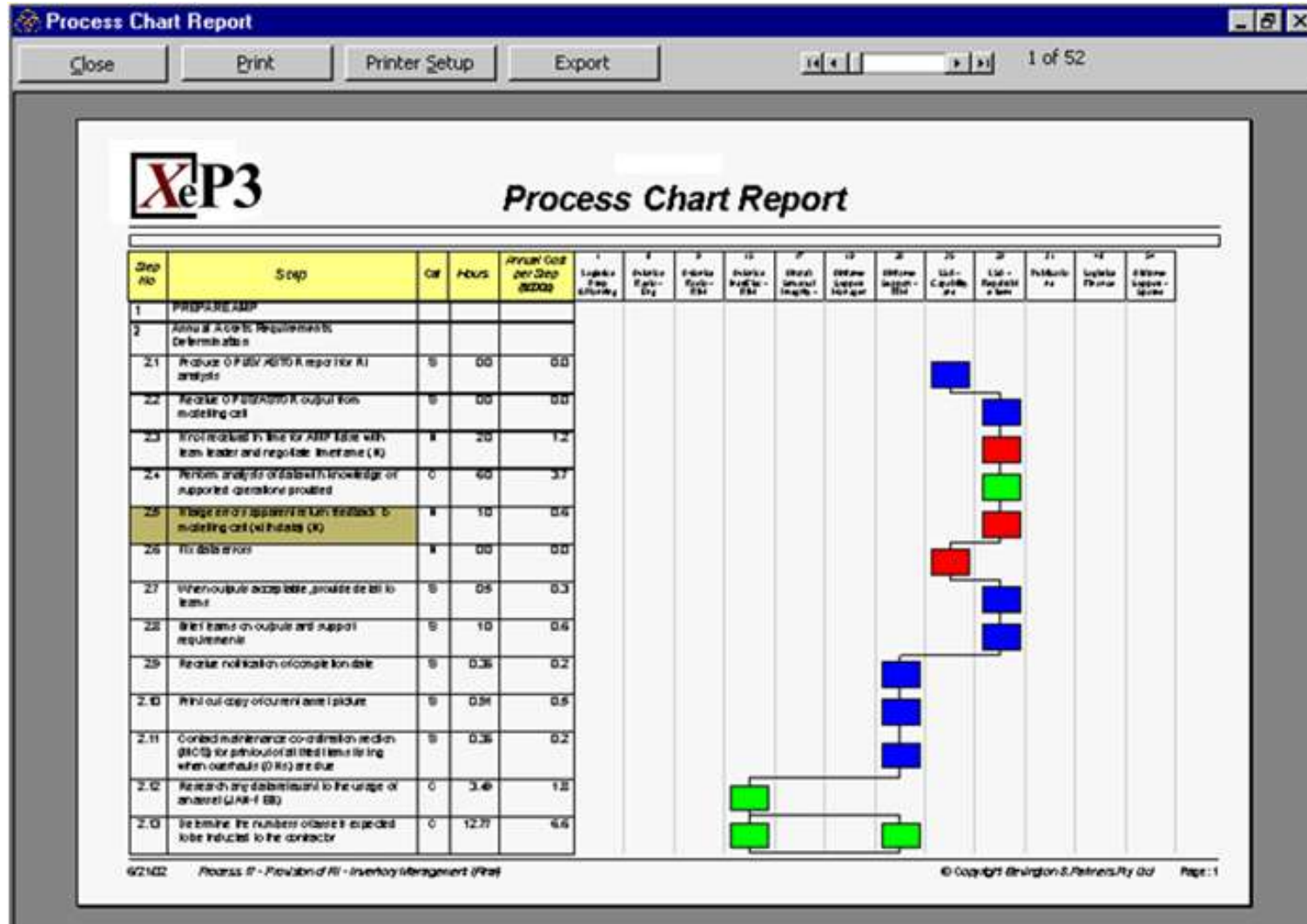
Classification	Strategy contribution	Re-engineering Strategy	Examples
Core	Activities that reduce cost and / or improve bottom line	<ul style="list-style-type: none"> • Increase • Do more of what you are doing • Do additional activities which you are currently not doing 	<ul style="list-style-type: none"> • <i>Prioritise induction of mail</i>
Support	Required activity in current process	<ul style="list-style-type: none"> • Optimise • Restructure process to remove • Utilise IT tools to streamline 	<ul style="list-style-type: none"> • <i>Feed mail into Barcode Sorter</i>
Discretionary	Risk management activity. Level of activity based on management assessment	<ul style="list-style-type: none"> • Decide on appropriate amount • Usually reduce • Re-align policies and training to reduce 	<ul style="list-style-type: none"> • <i>Take stats every 30 minutes and fill in report</i>
Noise	Process inefficiency, rework	<ul style="list-style-type: none"> • Eliminate as much as possible • Measure to ensure it goes away 	<ul style="list-style-type: none"> • <i>Constantly clear jams</i>

The XeP3 tool was then used to make it easy to transpose the data into business processes in order to define the process opportunity



Time: One Week to Develop

To examine the activity drivers by process



The overall process showed significant opportunity to refocus noise to core – 29.3% Interface Activity Noise

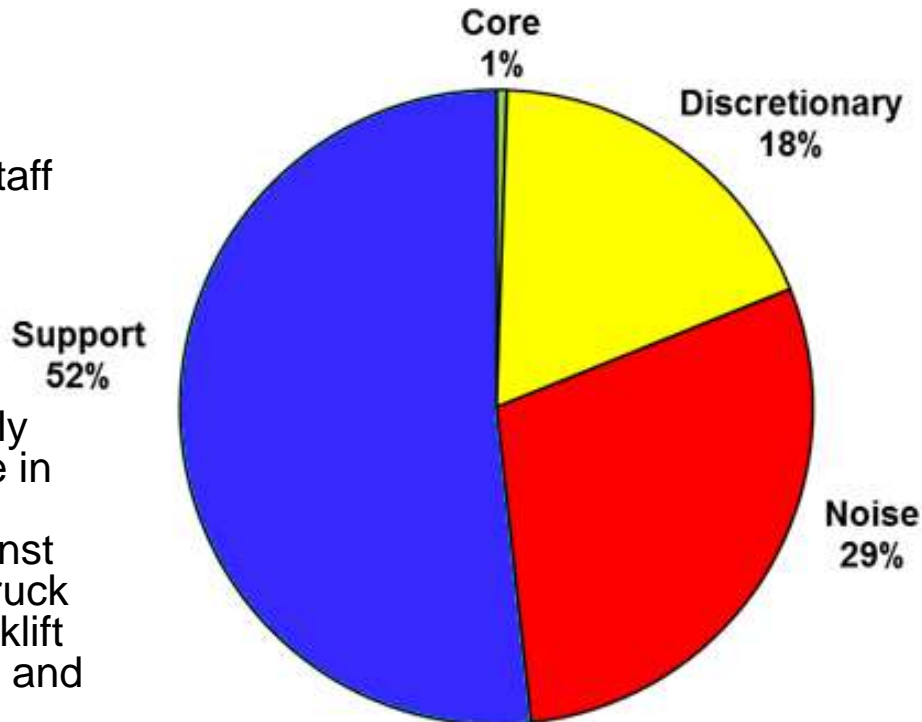
Bulk Mail Process - Overall

Core

- Induct work in a) priority of mail b) availability of mail / capacity of TMs or staff where the work is going to

Support

- Collect customer daily bulk register from file in bulk office
- Check manifest against number of units on truck
- Unload truck with forklift
- Start Barcode Sorter and run mail through



Discretionary

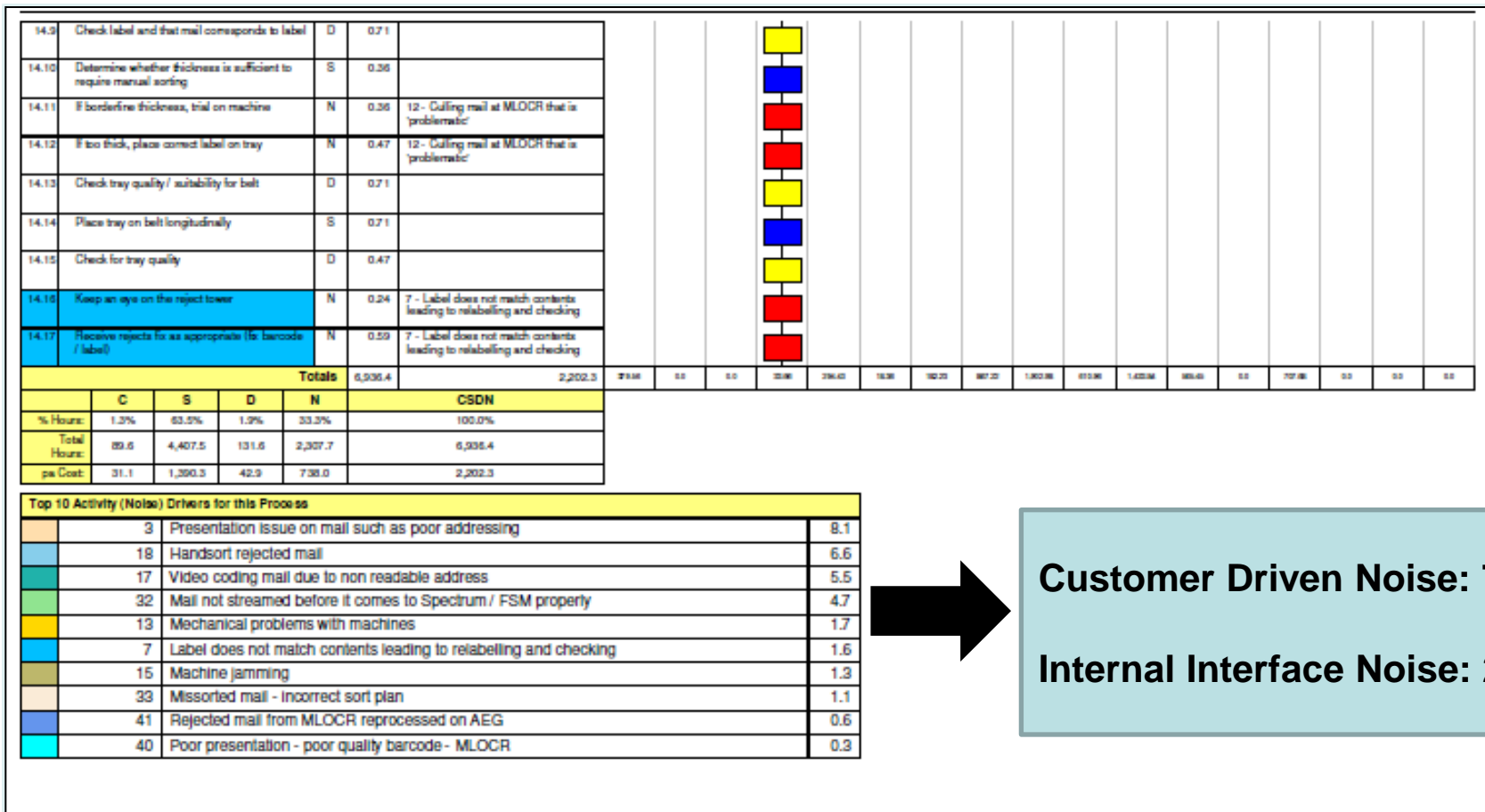
- Print stats report and attach to report
- Check labels to match contents

Noise

- Record details of any queries
- Count the number of trays pushed in the area for hand sorting
- If truck is not on time ring transport company to find out why

FTE: 35 out of 119 staff (29.4%) engaged in interface noise activities, costing approx \$1.8m pa

2/3 of the interfacing activity noise was caused by just 10 drivers, the top one was customer label driven interface noise



Customer Driven Noise: 77%
Internal Interface Noise: 23%

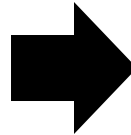
In summary we found ...

- Total resource - 119.4 FTEs which cost approx \$6m pa
- Interface activity noise - 29.3% (35 FTEs) costing approx \$1.8m pa
- We had been looking for the keys under the street lamp, not where we had dropped them! Focusing internally could at best deliver only a quarter of the potential:
 - Interfacing activity noise ratio 3.5:1 external to internal (\$1.34m pa)
 - Customer Presentation issues 77%
 - Internal Process Noise 23%

Solutions were developed to address the major interface noise drivers and implement change at the source

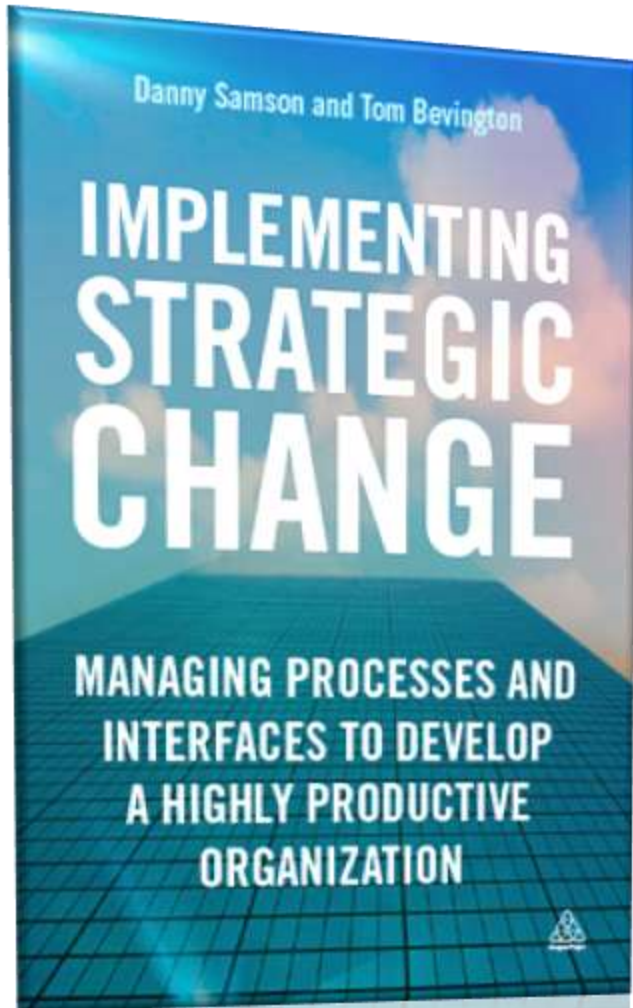
Key Actions

- Re-deployed staff to work closely with large bulk mail customers and provide training to reduce mail presentation issues
- Re-defined contracts to include presentation requirements and rewards for doing so



Key Outcomes

- Community Service Obligation met
- Over 4.5% improvement in on-time mail delivery
- Approx 20% reduction in operating costs
- Increased customer satisfaction
- Improved employee satisfaction



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