

Best Practices Made Simple ¹

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Abstract. *Best Practices has become the buzzword for organizations but it stands on a strong footing of Quality Management that uses standardization practices to improve both efficiency and quality. Starting a Best Practices process takes work but most of what is required is just common sense. Starting small allows you a low risk path to becoming comfortable with the methodology*

Best is Relative

“Best Practices” is the latest buzz word to come out of a decades long search for methods to improve quality by managing business processes. It is critical to understand is that “Best Practices” is a verb; it is a process that improves quality and efficiency. It should not be confused with the adjective “best” in best salesperson, best friend, or best product. In addition “best” is not a noun; can you go down to your local office supply store and buy “best”, you cannot get “best” from your local business school and just use it, and a consultant cannot give you “best”.

As you apply the Best Practices methodology you will discover the results are unique to your organization. What is “best” for your organization is not always best for your suppliers, your customers, or your competitors. The construction of Best Practices is a long term process and it is harder than it looks. Often it will result in immediate cost savings and many organizations lose interest after the short term cost savings have been realized. The biggest payoff occurs in subtle ways common to all quality improvement methodologies. Companies that see Best Practices as a strategic methodology will often become best-in-class or eventually best is best.

Best Practices Project Plan

The construction of a Best Practices process can be divided into six steps:

1. Get a Best Practices sponsor
2. Start with a goal
3. Use common sense to create a Best Practices document
4. Train and support everyone to ensure the Best Practices are applied consistently
5. Monitor to ensure the Best Practices are being followed
6. Evolve and learn from successes and failures in your Best Practices

To help separate the theory from practice we will examine the efforts of an imaginary company called Acme Consulting in their attempt to implement a Best Practices process.

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1. Get a Best Practices Sponsor

The implementation of Best Practices requires a change agent, someone who is willing to overcome the resistance to change and more important someone who has the power to obtain resources and enforce compliance. In the case of Acme the task was given to Jim the CFO who had successfully engineered some clever stock manipulations and made the senior partners very rich. This was an excellent choice for Acme and it took only a little of the CFO's time because most of the work could be delegated.

2. Start with a Goal

Probably a good place to start is with the company vision and a list of what makes your company unique in the marketplace. Acme's vision was to "become the biggest and most profitable consulting company in history" so their focus was on growth and cost control. Most company visions are too fuzzy to be the basis for a plan of action so the CFO decided to apply a Best Practices process to increase revenue, reduce costs and increase profitability.

The Acme CFO said, "We started small with three Best Practices to see how the process worked.

1. Pad the timesheet to increase billable hours and revenue.
2. Find the client's stationery cabinet and bring stationery back to our office to cut out overheads.
3. Put our most junior consultants into an on-going contracts (bait and switch) to increase margins.

After brainstorming these practices Acme discovered it had to add two more:

4. We must keep these practices secret from our clients.
5. We must keep them secret from our junior employees and clerical staff lest they rat on us."

This is a perfectly logical set of best practices and over the short run it should achieve the goals of increased revenue, reduced costs and increased margins. However Acme ran into a few problems just weeks into the implementation of the Best Practices.

The Acme CFO, "Our secretary was typing up the notes to our Best Practices meeting and as a result Practice 5 got violated. She was friends with the receptionist over at our biggest client and before long Practice 4 got violated and we ended up in a pretty ugly conference call with their IT Manager. To make matters worse, during the training session two of our senior consultants threatened to quit over something called ethics. At that point we decided our Best Practices needed to be revised. Based on a better understanding of how our Best Practices operated in the real world we amended them:

1. Track and bill all legitimate hours.
2. Make sure our consultants have stationery so they don't raid client's stationery cabinets.
3. Assess projects to ensure our consultant's training matches the project requirements."

Acme adjusted their Best Practices based on their implementation experience but these practices were not as dramatic as the original Acme goals so the CFO began to lose interest.

Luckily Suzy the Time Reporting/Billing clerk for Acme became interested in the process after many years of trying to track billing time being submitted on post-it notes, downloads from homebrew calendar on laptops, and emails. Suzy, who was 5'2" and described by most of the consultants as a "force of nature", took on the application of Best Practices to Practice #1 and had no problem getting compliance. Bill in HR took on Practice #3 because he was trying to justify the training budget he was in a position to enforce compliance. Practice #2 was delegated to Frank the Office Manager who delegated it to one of his clerks who delegated it to a summer student who left before they could do anything.

3. Use Common Sense to Create a Best Practices Document

One of the problems with common sense is that it is often hard to find. People often know what is best for them and do something completely different whether it is dating, dieting or business processes. The trick is to get agreement on the best thing to do, write it down and delay the enforcement until everyone has committed. Start small, start with the obvious and start with things where it is easy to get agreement. Delay visible processes until after the Best Practices document has grown in authority and after adopted practices are starting to pay off.

Lets look at how Suzy at Acme is doing:

Suzy said, "It was taking me over three weeks and a bunch of overtime to get customer invoices out. I would just finish one month and it was time to start all over again. The accounting cutoff for Acme was the 10th of the month so paychecks can come out on the 15th. I would put estimates in for the time and revenue and spend the rest of the month putting in corrections. Of course the paychecks would all get screwed up because consultants get an advance on the 1st of the month and the check on the 15th was supposed to be the actual time less the advance.

Some of the guys were really organized and would spend some of their time by the 2nd or 3rd of the month. The best was George. He had his time in a spreadsheet that looked exactly like my time input screen. He even created a little macro that would take his spreadsheet and create a batch job so I did not have to retype the data. I would get his email, check his spreadsheet, run the macro and run the batch. I could do his time sheet in about 5 minutes. If only everyone was like George.

I decided my first Best Practice would be to get everyone to use George's spreadsheet. I defined a Best Practice that George's spreadsheet would be included in the Acme laptop image and another that access to the spreadsheet would be checked every time a laptop came in for maintenance or a software load. I defined a Best Practice that training for George's spreadsheet would be included with all new staff training and another to add George's spreadsheet to the training checklist on the annual performance reviews. I also got some of George's time to do training for all the existing staff.

It took about 3 months to put all that together. The next month 40% of our consultants were using George's spreadsheet and getting their time in by the 5th of the month. The improvement was magical so I documented the best I could and I went to Jim our CFO. I asked to put in a Best Practice that all staff would use George's spreadsheet and everyone would have their time in by the 5th of the month. Jim was very supportive and added that bonuses would depend on compliance.

The next month all but three of our consultants had their time in by the 5th and with a little nagging and a phone call from Jim I had all the time in before the 10th. Customer invoices went out two weeks early on the 12th and without having to do all that free overtime I actually got time to spend with my family.

Last week Jim asked what George used to report his expenses. I told him George was pretty good but Angela had the best system."

The important things to learn from Suzy's story are that Best Practices must be documented, implemented and enforced from end to end. The heroes were Suzy who was the driving force and a support CFO who provided the muscle that made compliance possible. Suzy had a lot of help from George, George's manager, and the IT support staff who did not expect to see any direct benefits from the initiative. The consultants did see a direct benefit but without their support the project would have failed. Successful Best Practices implementations need an organization that operates like a community.

4. Train and support everyone to ensure the Best Practices are applied consistently

Part of the Best Practice process is ensuring a common approach to implementing our documented common sense. Often when you start to refine one Best Practice you discover there are things you must build into the infrastructure of the organization to support the original Best Practice that are required to achieve the original goal. In Suzy's case she had to make sure that a common set of tools were available, she had buy-in from other groups to maintain these tools, and her sponsor was willing to enforce the support for Best Practice from these other groups. She got the IT folks to ensure the spreadsheet was on every laptop and she got George's manager to free up some of George's billable time to do internal training. The rest of other groups would see no benefit from Suzy's Best Practice but without them there would be no tools or training to implement the required changes.

5. Monitor to ensure the Best Practices are being followed

Most Best Practices are only effective if the use is comprehensive (if everyone is using them) and consistent (everyone is using them in the same way). Part of setting up a Best Practice is to include a means of measuring compliance, get a commitment that the monitoring will be done, and ensure there are consequences for not using the Best Practice. In Suzy's case she had convinced most of the consultant to use George's spreadsheet. She then used the results to enforce compliance on the rest. She then followed up with those who still refused to comply by getting her sponsor to intervene personally to ensure full compliance.

6. Evolve and learn from successes and failures in your Best Practices

Sometimes Best Practices need to be changed because they simply do not work. Acme's first attempt, trying to overcharge the client to increase revenue, was a dismal failure. When Suzy took over the time reporting Best Practices it changed substantially from the original goal. The efficiency gain however allowed Acme to get its invoices out two weeks early, reducing the receivables, and increasing the company margins. Suzy had to justify her Best Practices to the CFO so her goals and the original goals merged when her Best Practices were implemented. Just as failure causes us to change our Best Practices; successes also open up new opportunities. Suzy's success with time reporting opened up the opportunity to apply Best Practices to expense reporting.

A changing business environment will also require changes in Best Practices. A year after Acme implemented Suzy's time reporting Best Practices they purchased a time reporting system that allowed consultant to use the web to enter their own time. The Best Practices had to be changed during the rollout of the new system. While George's spreadsheet and batch jobs were discarded and replaced by the web client, the Best Practices required only minor changes to adapt to the distribution, training and enforcement of the new web time reporting tool. There was no cost saving to fund the required changes. It was only the commitment of the sponsor to keep the Best Practices current that ensured the required changes were funded.

Funding the Best Practices Implementation

The Best Practices methodology must be continuously sponsored to be effective. Often no additional funding is required because savings and process improvements more than cover the cost of implementing the Best Practices process. There are two important exceptions: seed money and support group funding.

To get a Best Practices process started you must have seed money to keep the program coordinated and focused for one to two years in order for Best Practices to become part of the culture of the organization. There is also a problem with changes required by groups outside the scope of the Best Practices processes. These outside groups will see additional costs without a matching benefit. It is rare for an organization to fund these groups to make such changes so it is critical that the sponsor has the organization power to ensure that the changes are made.

Often the group implementing the Best Practices will take credit for all the savings arising from the program so seed money and support group funding can not be justified on a strict project cost benefit analysis. This funding must be considered a corporate initiative and the sponsor must be able to maintain funding based on soft benefits and a need for cultural change.

Finding Best Practices Information on the Web

When you type "Best Practices" into Google you get millions of hits. Most of these are just lists of someone's best practices and without some idea of the organization structure, the goals and the context these are about as useful as last week's grocery list. Many more links take you to companies that advertise they use a Best Practices methodology implying they would be the best companies to provide services to you. Best Practices or them is not necessarily best for you and they rarely tell you how they implemented their Best Practices. Others are selling aids to documenting processes—if you plan to embark on a wholesale business process reengineering you may need a documentation tool to keep track of your organization and the transactions. Clearly finding good implementation information on Best Practices is a needle in a haystack problem.

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Benchmarking and Best Practices

There is a large body of information on "benchmarking" which is closely related to Best Practices. Benchmarking tries to match processes in one organization with similar processes in a different organization. The matched processes are compared and the best process is used. This works well if you are a government with two 200 bed hospitals in different cities. In this case they have all the data they need and the business processes are identical. If you tried to do benchmarking between one of the 200 bed hospitals and local used car dealership you would discover the business processes would not line up and choosing the best practices would be impossible. If you have two branch offices in different cities benchmarking can be very effective because you have all the data and the processes match. If you try to benchmark against your competitor you have two problems; it is very difficult to get the data and if you actually succeed in matching your business processes to theirs you probably lose your competitive advantage. Start with: <http://www.gao.gov/bestpractices>, familiarize yourself with the terminology and google the keywords to find lots of excellent information on benchmarking.

BusinessProcessReengineering(BPR)andBestPractices

BPR assumes your business is built from Legobricks (the business objects), you document their properties (these are the business data stores or member data in OO analysis), and you document where they are and what they are connected to (business transactions or methods in OO analysis). Even small businesses have a large number of business objects and an even larger number of transactions. To keep track of everything you cannot just write things down in a text document you must use a graphical tool. There are dozens of good tools available and lots of consulting firms ready to do the object orientated analysis to populate the tool database.

By now two things should be clear; you cannot do this yourself – you need to hire outside help and BPR is going to cost a lot of money. Not only is the analysis expensive once you have the data in the BPR tool you then reengineer your organization one Legobrick at a time. The real costs show up when you put your organization back together using the new more efficient design. In the right organization the improvement is nothing short of magical. In most organizations there is a huge emotional investment in the old design which means the BPR analysts are often given incomplete or misleading data and cultural inertia prevents a full implementation of the new design. The implementation then creates a hybrid between old in new that may or may not be more efficient than the old design.

Where Best Practices comes in is choosing the new BPR design. If you have all the business processes documented it is easy to redesign based on the best practices. The best practices can be chosen from those used by different groups in the organization. The real value of BPR consultants is that they can bring knowledge of best practices for other organizations they have reengineered. This is not really benchmarking you are actually buying wisdom so you have to be very careful choosing the consulting firm if you want your BPR to succeed.

Start with: <http://www.defenselink.mil/nii/org/bpr.html> for a government view of BPR and for a more general view read some of the library articles on: <http://www.bpmi.org/library.esp>.

Parting Thoughts

If you really need to shake up your organization and can't afford the costs you will get results faster with a BPR approach. The BPR process is revolutionary and the agents of the revolution are critical to its success. Find a large consulting firm that has a good verifiable track record, get an enforceable cost estimate and be ruthless about staying on budget.

Best Practices can also be implemented by starting small, using your own staff to do most of the work, and identifying business processes that will yield early successes. You probably need some help to get started and someone to promote the Best Practices methodology until it becomes part of your organization's culture. Once a Best Practices approach has demonstrated some early successes it is easy for you to get untrained staff to apply the methodology to other areas in your organization. This is an evolutionary low risk path to improved quality and efficiency.