



## Process Excellence: Achieve Superior Results

Successful retailers know that counting on past success to fuel future growth does not work. Companies that continue to gain market share are evolving with the changing marketplace and expanding into new areas. Continuous improvement is the path to competitive advantage. But many of these change initiatives are fraught with danger. New software solutions can provide great returns but can also cost millions of dollars and system implementations always contain some semblance of risk. New products and markets often provide high margin opportunities, but also attract the attention of competing companies. How can retailers gain competitive advantage while minimizing risk and expense? Process Excellence.

Process Excellence means your team is consistently executing best practices for your industry. Process Excellence ensures that your investments in systems and people are driving maximum value. Process Excellence is something all retailers can achieve with time and diligence. Are you already achieving Process Excellence? Answering a few key questions can lend insight.

- Has your company mapped out key processes such as assortment planning, promotional forecasting, replenishment, new item introductions or exiting item transitions?
- Has the collective knowledge of the more experienced members of the team been distilled into an easy to follow step-by-step formula for success?
- Are new merchants and replenishment buyers armed with best practice process maps to ensure they can more quickly deliver the results of a seasoned employee?
- Are you measuring performance insuring consistent use of best practices across the enterprise?

If you answered 'No' to any of these questions, you have found an opportunity to achieve Process Excellence and drive cost savings and revenue growth without lengthy and potentially risky system change efforts.

Process Excellence can be achieved by following four steps:

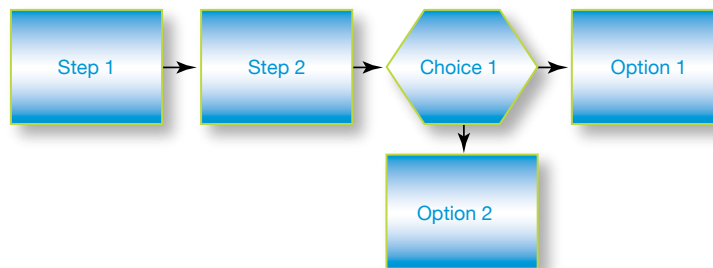
- Process Mapping
- Process Improvement
- Change Management
- Success Measurement



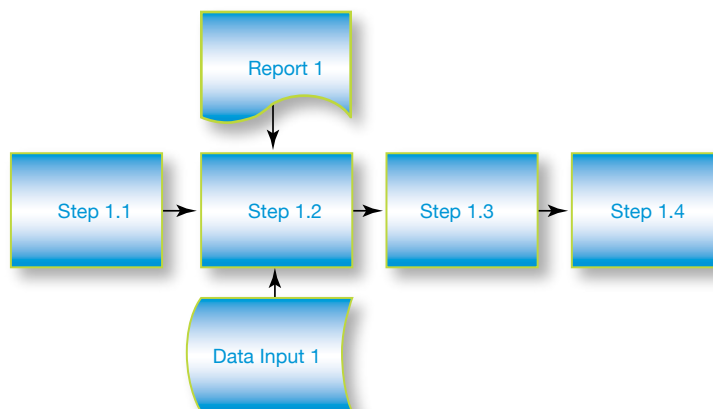
## Process Mapping

Process Excellence begins with understanding the current processes used at your company. Through interviews and observation, the steps currently taken to accomplish functional goals are documented. This means understanding not only the published standards, but learning how these standards are individually applied across teams. An accurate understanding of this variation often uncovers the largest opportunities for improvement. Consistency – not creation of new processes – can drive the performance of all teammates to the high levels of the best performers.

Process maps should be created at several levels. Activities must be understood at both high level and a detailed level for the analysis to be accurate. High level flows describe the overall process and variation and enable reviewers to see the entire process in a single cohesive string of activities.



Lower level maps are created to document the detailed steps taken. This level of detail enables your team to use the best practice functional maps as step-by-step guides when training new teammates or learning a new role. Lower level maps break down the tasks in the top level maps and provide insight into the supporting materials, timing and contingencies for key activities.



Process mapping is typically done by function such as allocation, planogram reset or assortment planning to keep the scope of the effort at a reasonable level. These functional maps can be integrated to demonstrate the overall process and lend insight into even higher level opportunities for cross functional partnering and workflow planning.



## Process Improvement

Process improvement is defined as identifying gaps between the current processes and the desired process and modifying the current process to more efficiently achieve the desired outcome. It is a more subtle and less drastic cousin to process re-engineering, which in essence tosses out the old way of doing things and installs a completely new process in its place. These re-engineering efforts – while similar in nature to process improvement – are significant change efforts that often require time, resource and risk in greater amounts than does a process improvement project.

It is surprising how much insight can be gained through documenting current processes and reviewing them on paper. Sometimes the inconsistent application of good processes across the enterprise or consistent execution of poor processes is obvious once the actual behavior is documented. Other times, working with internal champions or external experts is needed to fine tune existing processes and yield improved results. In either case, process improvement begins with the current way of doing things and looks for edits and changes that will improve the end deliverable.

While retailers often have strong functional experts on staff performing these tasks daily, partnering with outside consultants is often beneficial for this step. A neutral party reviewing current practices against an industry best practice can suggest edits and changes that a teammate immersed in current practices may not be able to see or suggest.

Once functional representatives and project sponsors agree on the desired process, gaps are identified on the current process map. These gaps are activities, decisions or resources that must change to better match with the desired process flow. The identification of these activities needing change leads us to change management, the next step in the Process Excellence process.

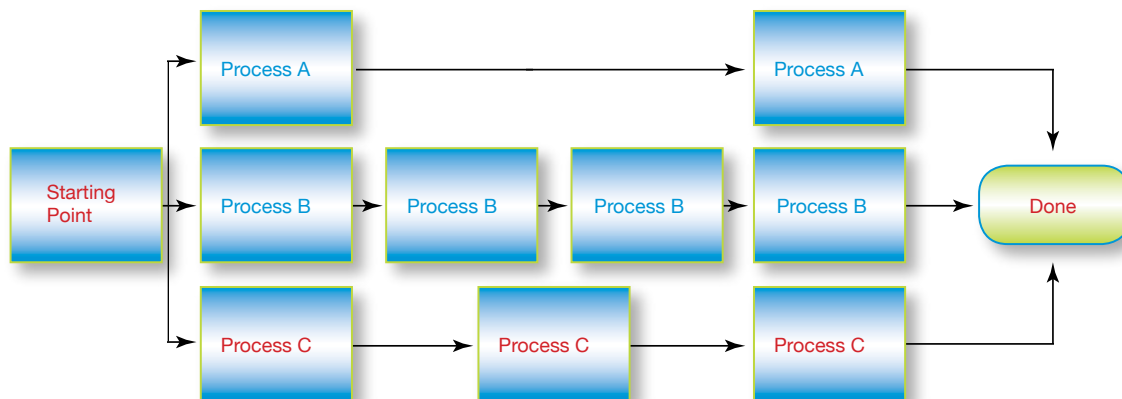
## Change Management

Documentation of an improved process or executive recognition of inconsistent execution in itself does not improve results. Real people need to make changes to their workday efforts. Even the best designed process provides little benefit when the team implementing the process chooses to take a different path.

Change management is an important part of any successful project. When the main goal of a project is to change people's behavior, change management moves up in importance. Change management for Process Excellence focuses on closing gaps in one of two areas: consistency of execution and quality of process.

Inconsistency in execution is often the most commonly found issue when striving for Process Excellence. Often management is unaware of the varying approaches taken by different users and teams. What executives thought was a standard process used consistently by all often turns out to be a myriad of variations on the original thought with little consistency in execution across the company.

Consistency of execution efforts require a retailer to select the best current process being used internally and help the entire team follow that process. Supporting materials and in-house experts already exist because someone is already doing the desired process. The change effort is getting all teammates to follow the process of the few.



Quality of process change management describes the effort of introducing a new process to the enterprise that has not been done before. Here, not only are you trying to change the behavior of all team members, but are doing so without an in-house expert and at times without the existence of all supporting materials. These efforts are more difficult yet often yield the greatest benefits to the organization that can successfully achieve the process change.

Change management within a Process Excellence project is often the largest and most complex step of the four. The important factors to consider when supporting a Process Excellence project are achieving early buy-in from the team going through the change, clearly describing the personal benefits of change for the team and consistent measurement of the new process.

## Success Measurement

Identifying and tracking key metrics serves two purposes. Measurement of key activities quantifies the benefit realized by the change and ensures the improved process is being followed.

First, the benefits of the change can be measured. This helps to justify the time and expense incurred to effect the change. Identify metrics that signify successful completion of the process and cannot be attributed to other change efforts. While this is often difficult, the ability to attribute success solely to the Process Excellence effort enables you to claim the entire benefit. Other higher level metrics such as sales or instock % are easier to measure, but their improvement often is a factor of several interrelated efforts.

Second, you can ensure that the processes remain consistently applied by all team members. Often, when the spotlight on the process is removed at project conclusion, people will go back to the “old” way of doing things. If use of a new form or approval step is introduced, tracking the correct use for the first few months is a great way to ensure compliance and monitor the quality of the work during initial process rollout.

## Process Excellence for the Long Term

Process Excellence is a tool retailers can use to drive gains while minimizing risk. It focuses on people and ensures you are driving the maximum benefit from the team and tools. It is a journey that never ends. As teams transition and new technology is introduced – the Process Excellence effort can be re-energized. And, as teams become familiar with the activities surrounding Process Excellence and key deliverables such as current and desired process maps are already in place, subsequent efforts can be achieved with less time and effort.



Integrating people, process and IT.



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## About RPE

RPE is a leading consulting services provider exclusively focused on the challenging needs of the retail industry. RPE provides strategic consulting services, systems management, implementation, integration, modification and system upgrades for retailers worldwide. With a time-tested and proven record in retail, RPE delivers services on time and on budget. Areas of expertise: Manhattan Associates' Integrated Planning Solutions™, Integrated Logistics Solutions™ and Warehouse Management solution; Microsoft RMS; Island Pacific; and the JDA® ASP, PMM® and MMS® applications, E3®, Arthur® and Intactix®. For more information, visit <http://www.rpesolutions.com>.

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