

Viewpoints on Change

SERVICE OPERATIONAL EXCELLENCE

ISSN: 1904-6758 - NR. 3 / 2011



Service Operations

CONTENTS

P. 2 Article Service Operations	P. 20 Article From manager in a service organisation to operations manager of service production	P. 29 Case Lean as a lever for transformation of the Danish Prosecution Service	P. 35 Bibliography A somewhat untraditional bibliography
---	--	---	--

ARTICLE

Service Operations

How to improve Service Operations for the benefit of customers, employees and the company
by Jan Erik Dahl, Jørgen Kjærgaard and Jacob Støvring Sørensen

In recent years, we have seen an increasing number of service companies, private as well as public, invest considerable resources in professionalising/strengthening operations in their organisation – seeking to increase efficiency in the company’s “engine room”. For this purpose, many of the companies have drawn their inspiration from the long tradition of managing and optimising the daily production in manufacturing companies. In particular, Lean thinking has served as an important source of inspiration for operational improvements in service companies.

The incentive of these investments has, in addition to increasing the efficiency of the organisation, typically also been to generate increased value for the customers as well as an improved working environment. However, it is our experience that innovation and new thinking have primarily taken place in relation to internal processes in the organisation’s “back office”, while little attention has been given to looking into how the customers actually receive and perceive the services that are produced in the “front office”.

At the same time, we have seen a development where specialists from the design and marketing industry have been invited to help design the service experiences that the company wishes to give its customers in the “moments of truth” in which the customers meet the company. This may concern the

design of the physical localities where the company meets its customers, the user interface on a website or the customer flow through check-in in an airport. Concurrently, emerging from the service marketing field, the concept of CEM (Customer Experience Management) is rapidly gaining ground – primarily in the USA.

A main objective of this article is to link these approaches to optimisation of operations in service companies – “Service Operations” – and establish a holistic perspective concerning operations and development of service companies. It is, furthermore, our ambition to provide some suggestions as to the “missing link” which, at present, seems to exist between the inside-out production approach with design of efficient processes and operational environments and the outside-in approach with design of service experiences. Thus, we will focus on the effect that may result from operational change agents meeting designers and other specialists who design and give words to successful customer experiences. For without the operational change agents, the good intentions of a designed customer experience will hardly be realised in practice – day after day.

Below we will introduce a model, the Service Delivery System, which we have developed with inspiration from our own experience with Lean in service and administration and based on

dialogues with top specialists from a number of different environments.

As part of our suggestion for a holistic perspective on Service Operations which combines the outside-in and inside-out perspectives, another objective is to zoom in on the fundamental differences as regards operations in back office and front office environments. This may not be new. However, we experience that many companies find it challenging to coordinate optimisation of operations in back office functions – where stable operations are usually a mantra in order to reduce costs – with optimisation of operations in the front office – where flexibility in relation to highly individualised customer service is a mantra. The challenge is to be capable of managing an effective interaction between two different operational environments in the same organisation and to be capable of delivering exactly the service experiences that have been designed for the customers.

A third objective of this article is to describe how optimisation in the operations organisation must be approached in different manners, depending on whether it concerns optimisation of a process – such as handling a claim in an insurance company – or local optimisation of a function handling a number of different tasks – e.g. a customer service centre or a finance department. Here, we distinguish between horizon-

tal optimisation (process) and vertical handling (a local functional unit).

We consider this article a contribution in the debate on Service Operations and continuous optimisation in service companies. We admit that we have set out to deal with quite an extensive subject area and have prioritised to take a holistic perspective rather than going into details. In this manner, we hope that we can inspire and challenge, even though we do not in any way provide all the answers, and even though the individual elements of the whole, to a large extent, will be known in advance.

The article is structured in three main sections:

1. An introduction to Service Operations as a concept and to the holistic model for the Service Delivery System that we launch as a frame of reference for optimisation in service companies.
2. A suggestion for four complementary approaches to service optimisation which together may be employed for creating significant improvements in service companies: service design, process optimisation, local optimisation of operations and organisational structure.
3. A perspective on the strategic potential of devoting considerable efforts into optimisation of Service Operations.

An important delimitation in this article is that we do not go into the strategic choices that precede the prioritisation of specific approaches and tools. We implicitly assume that the majority of organisations aim for efficient operations, high customer service and positive customer experiences in a suitable

balance depending on the organisation's strategic context.

1. Introduction to Service Operations

Through our work with Lean in service organisations, we have acknowledged the need for a more general frame of reference in relation to optimising operations in service companies. This has crystallised into a model for the Service Delivery System (figure 1). The model is inspired by Service Operations specialists such as Robert Johnston (author of *Service Operations Management*^{B)}) and Thomas Bøhm Christiansen (co-author of *Lean - Implementering i danske virksomheder (Lean - Implementation in Danish companies)*) as well as specialists from the marketing industry, among others Søren Bechmann (author of *Service design (Service Design)*^{C)}).

The following points about Service Operations have been built into the model:

- It is crucial to establish an effective interaction horizontally from the point where the company meets its customers in the front office functions to the company's "engine room" in the back office. This is the process perspective on the organisation where processes typically run across functions.
- At the same time, it is important to address the vertical difference between the operational environments in different parts of the organisation - from front office multifunction environments to back office "factory environments". In the model, the mentioned difference is visually illustrated by means of a larger spread in relation to customer needs and a smaller variation in the back office.

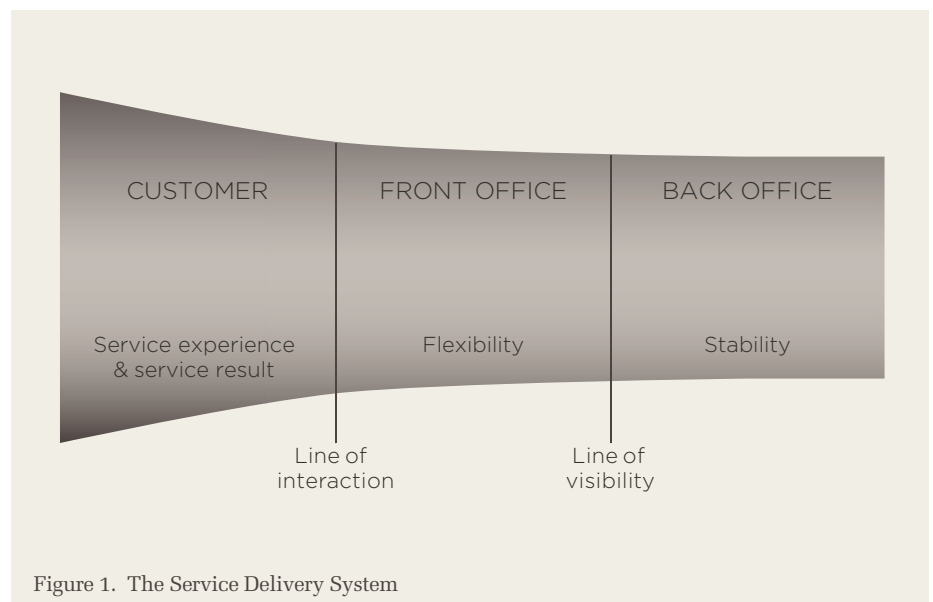


Figure 1. The Service Delivery System

SERVICE OPERATIONS

This simple model in figure 1, which is introduced in the first part of the article, provides a basis for subsequently discussing structured improvements of Service Operations by means of service design and the well-known optimisation approaches (the second part of the article).

However, before embarking on the toolbox, we need to get a good grasp of two fundamental concepts, operations & service. Operations will be our point of departure. This concept originates from the manufacturing world where methods and tools for optimisation have been developed for many years – a tradition from which we can now benefit in service environments.

1.1 The concept of operations

The concept of operations has been taken from operations theory and can be defined as:

“Operations is the part of an organisation which is responsible for delivering the services and producing the products that are sold by the company in its markets.”^A

In accordance with the simple operations model illustrated in figure 2, this is achieved through the transformation of a number of input resources in the form of materials, information or customers into the desired output in the shape of services or products. The actual transformation takes place through the execution of a number of operations processes supported by the so-called transforming input resources in the form of employees and facilities.

The operations model in figure 2 has, as mentioned, been taken from the production literature, but the output also includes service, as the customer in a production context will typically also buy a mix of products and services^A. Consequently, the majority of operations functions in production

companies consciously or unconsciously deliver specific services to their customers. The point in the model, therefore, is that delivering a service or producing a product requires specific delivery models in the form of a set of processes with ancillary input. The last decades’ increasing focus on service within the production theory has, thus, resulted in an extensive and well-developed package of tools for design and optimisation of delivery models within Service Operations.

1.2 The concept of service

Everyone is familiar with the concept of service, and, consequently, we all have some individual understanding of and attitude towards the concept. However, if you ask for a specific definition of the concept of service, you almost never get an adequate answer.

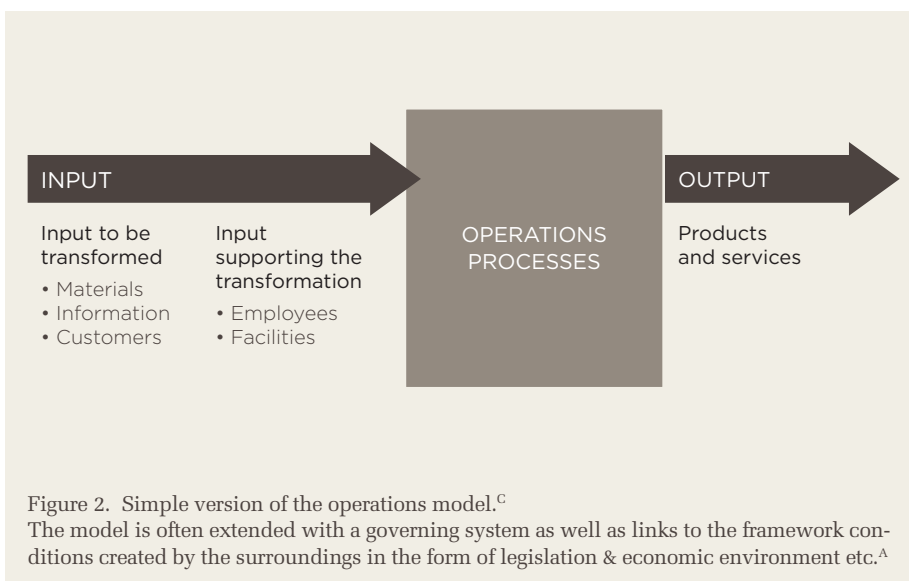
Over the years, this paradox has given rise to many different definitions of service, of which one of the more colourful was made by Gummerson in 1987, defining “real” service as:

“Something that can be bought and sold, but not dropped on your foot.”

On the more operational side, Johnston and Clark’s definition of service has been gaining increased acceptance in recent years:

$$\text{Service} = \text{Experience} + \text{Result}^B$$

The strength of this definition is that it both addresses the *intangible* experience perceived by the customer in connection with the delivery of a service, while also addressing the customer’s



often more *tangible* assessment of whether the service lives up to the expectations.

A visit to the hairdresser may illustrate this. Making the appointment, waiting time, the appearance of the hair-dressing salon, music, coffee and not least the hairdresser’s ability to create a good atmosphere are all examples of elements which may have an influence on the perception of the service. Similarly, the customer’s subjective assessment of whether the haircut itself meets the expectations is an indication of whether the hairdresser delivered the desired result with the service. Here, it should be noted how the service definition, thus, helps identify the service quality elements that a service organisation must have under control in order to consistently deliver the agreed service to its customers. At the same time, the service organisation must understand that the customer’s service experience and assessment of the service result are subjective, and, consequently, a certain amount of flexibility is required.

In relation to the operations model in figure 2, Johnston’s service definition may be considered an elaboration of the service concept, in that it is essential to ensure focus on the hard as well as the soft elements in the delivery of services. The operations model in figure 2 may, thus, be broadly employed in all parts and types of organisations, as almost all parts of the organisation deliver services to different internal and external customers^B. Service Operations, in other words, exist in all types of organisations, large and small, private and public.

1.3 The Service Delivery System

The purpose of the Service Delivery System is to create a common and simple overview model which can be used to understand, design/organise and coordinate customer-focused improvement initiatives in the company’s service operations. Consequently, the model must be simple, cover the entire area of Service Operations, be customer-focused and create a solid link to the extensive underlying toolbox of optimisation tools.

As it appears from figure 3, the basic Service Delivery System represents a coupling of a number of elements from Service Operations theory. Thus, one will recognise Johnston’s experience element, the Service Blueprint methodology as well as the focus on stability in the back office. This starting point ensures the model a well-

tested and operational foundation. At the same time, the clear and simple structure makes the model suited for creating an overview and acting as a coordinating mechanism between the many concurrent improvement initiatives different places in Service Operations. Finally, and perhaps most important of all, the customer element in the model can be used as a cross-coordinating mechanism in order not to lose focus and consistency in the service delivery to the customer even in complex surroundings.

The funnel structure of the model indicates variance where the customers are individuals with highly different needs. In addition, different customers often have very different experiences when receiving even the most standardised service. In the front office, it, consequently, makes sense to consider how to, most optimally, create a flexible interface which ensures consistent service delivery to the customer target

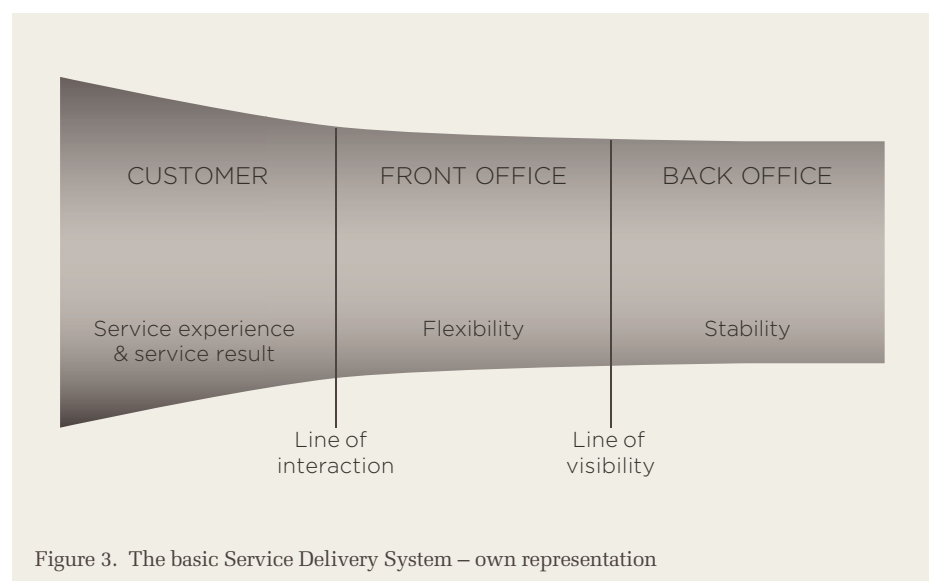


Figure 3. The basic Service Delivery System – own representation

SERVICE OPERATIONS

THE SERVICE DELIVERY SYSTEM

The model is a visual holistic model for the operation of service companies and illustrates the coherent and inter-connected delivery system that must be designed and put into operation in order for a company to be able to deliver the desired service results and service experiences to its customers.

The funnel illustrates that a larger dispersion typically exists as to the needs and expectations of the specific customers than is the case in the delivery models and management tools found in the organisation's operations engine. The front office function is to ensure that an effective link between the two is established.

The horizontal dimension illustrates that it is necessary to work with creating coherence between the service production apparatus and the meeting with the customer – and, thus, the co-creation that typically takes place in service production. An important element in this context is to have full control of the processes across organisational units.

The vertical dimension illustrates that being in control of everyday operations is required in the different functional units – besides being in control of the processes. Most often, it is the responsibility of a functional manager to ensure local optimisation of operations ("being in control of my unit").

The line of interaction illustrates the borderline for where customers are in direct contact with the company, e.g. through contact with employees or through the company's website.

The line of visibility illustrates which parts of the company and its processes are visible to customers.

It is part of the service design to decide where these lines should be, and how exactly we want our customers to experience the contact points which we decide should exist.

groups. By placing the flexibility focus in the front office, the back office can be "protected" against large fluctuations in the customers' needs. In this manner, focus in the back office can to a greater extent be directed towards creating stability, which paves the way for high quality, fast delivery and low costs. In the model, the largest spread, i.e. variation, thus, exists in the front office and in relation to the customer,

while the back office works with fewer variations and, hence, to a lesser extent focuses on flexibility. Thus, this is not about a one-sided flexibility and stability focus in the front office and back office, respectively – rather a difference in focus originating from the encounter between outside-in and inside-out needs.

Another central point about the Service

Delivery System is that it does not provide any answers, but merely constitutes an overview model which can be used to obtain a common frame of reference on the basis of which the company's choices concerning Service Operations can be discussed. An example may be that an increasing number of luxury restaurants are opening up their kitchens, thereby making the kitchen an integrated part of the total experience in the front office. The location of the kitchen may be an important factor both for the customer's experience and the price that the customer is willing to pay. At the same time, opening up the kitchen significantly influences the way in which the kitchen can act and arrange their procedures. Obviously, the way of communicating in the kitchen must be modified, cooking live lobsters must be considered, and new demands arise concerning equipment, cleanliness and handling of the food. And maybe this is why most of the so-called "open" kitchens operate with one or more "back kitchens" in the back office where e.g. the more rough preparatory routines can be carried out.

It is also worth noticing the central role that the front office takes up in the model as the flexible element between the customer and the back office. The strong focus on flexibility makes other demands on the solutions and the underlying use of tools. An example of the above is the McDonald's restaurants where children's birthdays, soft drink stations, play grounds, clean toilets, different sizes of groups of tables and the way in which the employees address the customers represent small modular service standards. The combination of one or more of these service

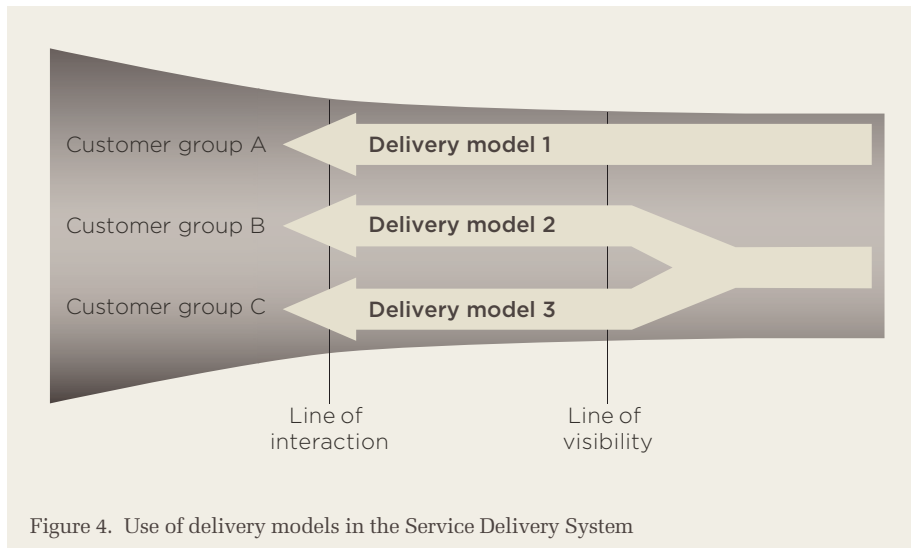


Figure 4. Use of delivery models in the Service Delivery System

standards flexibly supports the needs of highly different customer groups, who, by the way, often buy the same basis product from the back office, i.e. a mass-produced burger. To ensure the quality of the service delivery, the truly professional service organisations have established training programmes for their employees. This enables the employees to effectively use the service standard, so that the customer is consistently given the intended service experience.

Another important aspect of the model is that the flexibility focus, in particular combined with small modular service standards in the front office, increases the opportunity for service innovation. Thus, in front office environments it is relatively simple, fast and inexpensive to create and test new service experiences, which typically strongly contrasts with the opportunity for innovation in back office environments where the processes are often more inflexible and heavy on automation.

Use of the Service Delivery System

The use of the Service Delivery System is made considerably more operational if combined with specific delivery models, cf. the structure in figure 2. By introducing the delivery models in the Service Delivery System, a specific delivery model as well as the interaction between several different delivery models can be discussed. This is sought illustrated in figure 4.

If focus is placed narrowly on delivery model 1 in figure 4, the discussion will typically concern where in the delivery model which parts of the service delivery to a specific customer group are handled and managed. More detailed discussions often go deeply into individual sub-processes or input, but the Service Delivery System enables us to maintain the overview and focus on the customer. As an example, let us look at a service check at a car dealer. Here, the discussions should be based on the service specification formulated by

the business in relation to this specific customer group. In the discussions, one may choose to place processes such as handling of appointments, matching of expectations, loan car, additional sales, handling of claims and the customer's perceived experience in the front office. The actual check and service of the car is, on the other hand, typically performed in the garage (the back office), where a standardised service checklist often exists. During the discussions, and as the tasks are being distributed, a number of other tasks and a need for further clarification will emerge which must be handled to consistently ensure the customer the intended service.

For instance, a minor decision about the back office calling the customer in case of important questions in connection with the service check will require further clarification. The front office must, thus, ensure that the correct phone number is available to the back office and that expectations have been matched as to permitting the mechanics to decide on "minor" matters, such as replenishing low oil levels. In addition, the decision also implies that the mechanics when they contact the customer and, thus, step out into the front office must be able to communicate suitably with the customer, and they must know when, for instance, to redirect customer calls to the other employees in the front office.

Delivery models 2 and 3 in figure 4 represent a situation in which the same back office service is to be delivered to two highly different customer groups. This will lead to many similar discussions as described above. Obviously, increased demands are placed on the front office which is to handle two very different customer groups, while the

SERVICE OPERATIONS

standard product in the back office must, at the same time, be protected against variance.

This situation exists in many service organisations, e.g. in public case administration. In some types of public case administration, a standard letter from the caseworker may be sufficient in relation to specific customer groups, whereas in relation to other customer groups a meeting must be held or further initiatives must be instituted to fulfil the intentions of the law. Examples of underlying intentions in the legislation may be to establish a better relationship between divorced parents for the benefit of their common child, to help people out of crime after serving a sentence or to help people out into the job market. "Normal, well-functioning people" typically have other needs than weak, marginalised groups, who may e.g. have an alcohol and/or drug abuse problem or mental problems. With a narrow back office focus on productivity, there is a tendency to overlook the needs of the problem group, even though the law is obeyed by sending everyone a standard letter. In this case, an important point is missed in relation to the intention of the legislation, which is often to help the problem group.

The Service Delivery System can also be used vertically, e.g. in the front office, across delivery models 1, 2 and 3 in figure 4. This overview may serve as the basis for developing common cross-functional service standards which can be used flexibly for servicing more than one customer group. The overview may also serve as input for the cross-functional management and coordination mechanisms in the form of staffing plans, prioritisation rules,

training plans etc. This vertical dimension in the figure represents an often overlooked point, namely that there are typically multiple delivery models in service and administration environments, and, consequently, a too narrow focus on one delivery model will often lead to sub-optimisation.

2. Improvements in Service Operations

After having introduced the concept of Service Operations and established an overview with the Service Delivery System, we now turn to how to translate this into improvements in practice. Thus, we will now focus on linking the Service Delivery System to the different well-known and well-proven approaches to improvement. The basis for this is sought illustrated in figure 5.

Figure 5 illustrates how many different customer needs meet with the company's service delivery models in the "line of interaction" - the point of actual customer contact.

Here, the service specification is found, which - based on the company's strategy and different general conditions - specifies which customer needs the company wishes to meet and how. Thus, in practice, the service specification represents a selection and deselection process and a focus on the customer target groups. Private companies will to a greater extent use underlying short-term and long-term profit-driven motives with focus on earning as much money as possible, whereas public organisations will typically take a starting point in a legislative framework - i.e. helping specific customer groups in specific situations within a given economic framework

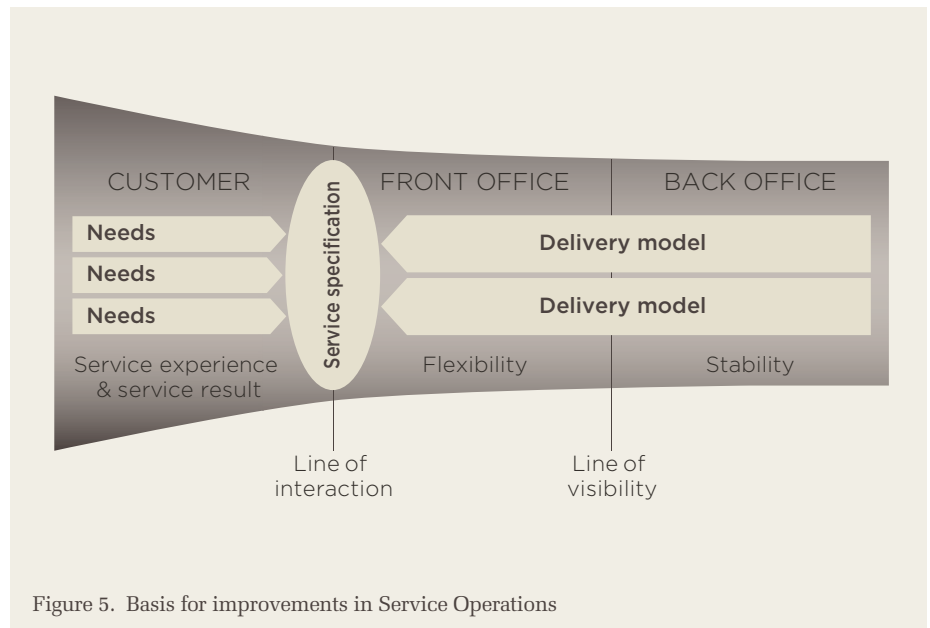


Figure 5. Basis for improvements in Service Operations

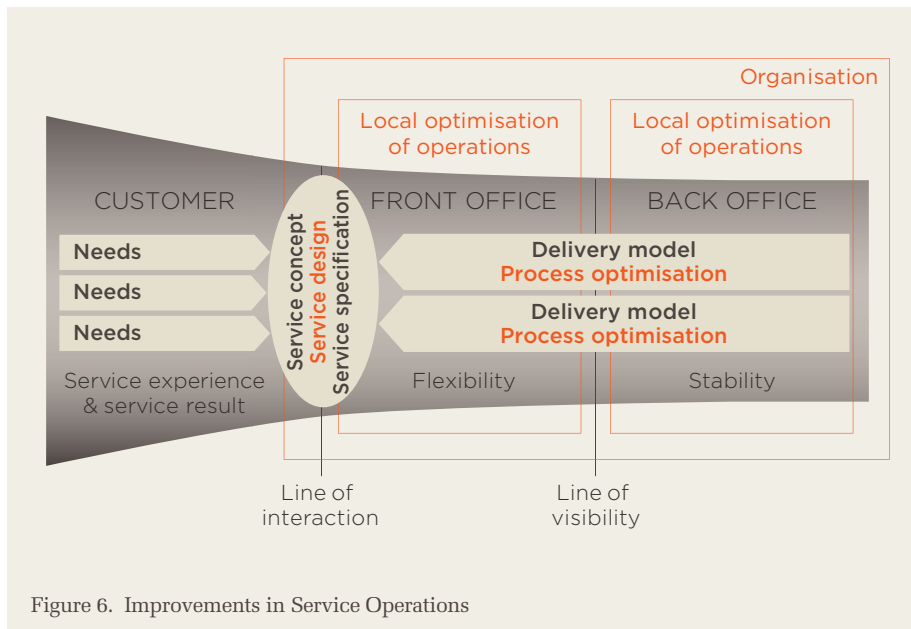


Figure 6. Improvements in Service Operations

with focus on generating the highest possible value for money. In both cases, the service specification is a key tool which specifies where to use the company's limited resources and how the selected customer groups' needs in relation to the service experience and the service result are to be met.

The company's portfolio of different service specifications is, thus, the ruling standards in relation to how the company in practice organises its delivery models in the front office and the back office.

As illustrated in figure 6, there are a number of well-proven toolboxes which support optimisation of Service Operations and of different phases of the Service Delivery System. The most important ones are the following:

1. **Service design and Customer Experience Management** – with the primary customer-focused tools for defining the service specifications.
2. **Process optimisation** – with the primary tools for designing and optimising the processes which are part of the delivery models.
3. **Local optimisation of operations** – with the primary tools for local operations management, planning and improvement.
4. **Organisation** – with the primary tools for the establishment of organisational structures, IT structures, management structures, link to strategy etc.

Especially the split between process optimisation and local optimisation of operations is controversial – not least in relation to the American/English academic school which often links the role of the operations manager to

the value stream. However, a significant point – overlooked by many – is that while process optimisation is a horizontal exercise from customer to customer across all internal functions, local optimisation of operations is a vertical exercise across the many different delivery models and tasks which a manager faces, particularly in service and administrative environments. The isolation of local optimisation of operations as an independent vertical area in relation to process optimisation is supported by a number of practitioners and former Toyota managers who emphasise that the mechanisms for optimisation of operations and the role of the operations manager should to an increasing extent be seen in the light of a local learning organisation^{DE} and not as part of a narrow process optimisation project.

In the following sections, a brief introduction is given to each of the four toolboxes.

2.1 Service design and Customer Experience Management

In the 1980s, a service management wave emerged, not least with the Scandinavian school (see e.g. Richard Normann's book *Service Management*). Following a blossoming, the interest in service management faded until the thinking was revived and further developed in the 00s in the form of two parallel movements, namely service design and Customer Experience Management. Thus, in recent years, service and design have become one separate discipline within the leader-

SERVICE OPERATIONS

ship and management theory as a supplement to the, up to that point, known discipline with design of products.

Customer Experience Management, which we will not touch further upon in this article, describes how to strategically control the customer’s overall experience with a product or a company and how to ensure that the selected brand is reflected in the customer’s experience in all of the contact points where the customer meets the company and its products.

Service design is defined by Søren Bechmann as a mechanism for:

”Developing services that are attractive to the customer and effective for the company.”

There will always be a weighing

between the attractiveness to the customer and the economic consequence to the company. Thus, the company will typically not be able to meet all customer groups’ needs in an interesting manner from an economic point of view. This generates a need for a selection of and focus on which key customer groups the company wishes to service, in which manner and within which framework. To support this, Johnston has developed the below model for service concepts (figure 7).

The idea behind the individual elements in the below model is that the organising idea and the service concept primarily have an overall coordinating role while the service experience and the service results have a more specifying role. By including the overall purpose and the more detailed specifications in the same model, it will be

possible to see how the individual main elements and output of the delivery model are related to the overall coordinating purpose.

One of the great strengths of the service concept is that it provides a good starting point for creating consistency in the company’s communication to customers, employees and cooperators. On the other hand, one of the large disadvantages of the service concept is – seen from a Service Operations’ point of view – that it is not particularly operational in connection with the design of specific delivery models. This generates a need for detailed specifications.

The development of service specifications for specific customer groups is, just like the service concept, an expression of an operationalisation of

Organising idea	A great day out at a theme park		
Service concept Summary	A UK theme park that provides an inclusive package of over 100 rides and attractions to suit all ages and tastes with thrills, fun, fantasy, fast food and magnificent gardens		
Service experience	<ul style="list-style-type: none"> • Good signage to the park • Large car parks • Quick and easy to buy ticket • Clear site maps • Different queuing systems • Plenty of attractions 	<ul style="list-style-type: none"> • Exhilarating and entertaining • Attractions for all ages • Lots of walking between rides • Range of food outlets • Long queues for some rides • Good souvenir shops 	
Service outcome	Benefits <ul style="list-style-type: none"> • Full day • Never a dull moment • Great day out • Lots of rides • Great experience 	Emotions <ul style="list-style-type: none"> • Fun • Thrilling • Terrifying • Exhausting 	Value <ul style="list-style-type: none"> • High all-inclusive price • Car parking is extra • Few additional costs • Food reasonably priced • Good value for money

Figure 7. Service concept for an English adventure park (Johnston)^B

PROCESSES WITH A LACK OF CUSTOMER FOCUS

In connection with the delivery of services, it is important to consider the overall purpose of the process and what is important to the customer before losing oneself in internal focus on low costs, quick response times and high process quality. It gives food for thought how many service and administrative organisations are still designing their processes without a sufficient amount of responsiveness to customer needs.

Examples from real-life process optimisation

In a customer complaint process in a service company, the company experienced a significant increase in the number of customer complaints. As a result, it became to an increasing extent difficult for the company to meet the defined service agreements for customers' waiting time on the telephone. It was not possible to increase manpower, and, therefore, the company wanted to increase the productivity of each telephone employee in the meeting with the customer. Nobody really considered having a process for reducing the number of errors which the customers called in to complain about. Another example was a personal experience involving an insurance company which had asked a sub-supplier to help them ring round to a selection of the company's core customers to offer them a number of improvements in relation to their insurances. Unfortunately, the sub-supplier had not familiarised themselves with the customer's circumstances, and they did not have access to the company's systems. As a result, the sub-supplier was unable to inform the customer about potential advantages before the customer himself had provided the sub-supplier with information about which insurances and agreements he had with the company. This resulted in a very impersonal, unstructured and precarious process for the customer which did not lead to the expected additional sales, rather the reverse.

Professional service organisations do not leave the customers' service experience to chance. They integrate the service elements in the design as a natural and central part of the process and train their employees in such a manner that the customers experience an expedient service each time in a way which is consistent with the organisation's long-term goals. Imagine that you are the customer in one of your own processes – there is a great deal of potential.

UNDERSTAND AND FOLLOW YOUR CUSTOMERS' DEMANDS

In many service and administrative environments, fluctuations in demand are a natural condition, reflecting real fluctuations in customer needs, which is why a true service company is familiar with the needs of their customers and follows these fluctuations. It is, however, interesting how many service and administrative environments set aside a fixed, constant capacity for handling tasks with large fluctuations in demand.

Examples from real-life process optimisation

In a financial transaction environment where all customer transactions were to be handled within the end of the day, they had a fixed capacity despite large fluctuations in demand from day to day (+/- 30%). Furthermore, the many different deadlines during the day made the workload fluctuate markedly during the day. Thus, due to the fixed capacity, they experienced fluctuations in productivity during the day of up to a factor 4. As a result, there was a great deal of overcapacity in the department which almost always managed to complete all transactions before the end of the day, also in holiday periods and in case of illness, including when we over a three day period daily removed 1/3 of the employees by turns to participate in a common introductory meeting. Another classic example is the call-centre, which operated with a fixed capacity to answer the telephones all day long despite large fluctuations in the number of calls during the day. In peak hours, the employees could not keep pace, and in other periods they did not have enough work.

If large fluctuations exist in productivity during the day, week, month or year and there are large fluctuations in demand, there is a real risk of operating with periodic undercapacity and overcapacity. It is interesting how many service and administrative organisations feel that they can "afford" to operate with periodic overcapacity without really being able to meet the fluctuations in customer demands.

SERVICE OPERATIONS

the company's strategy. It is, therefore, a cross-functional exercise where we must ensure that the central knowledge and competences of marketing, sales and Service Operations are brought into play in the most optimal manner. Thus, as the service specification is a cross-functionally ruling document, the owner of the document depends on the given situation. In reality, it is more interesting to ensure that the service specification remains a dynamic document, which continuously reflects the changes and learnings that the different parts of the organisation bring to the table. Therefore, the service specification is also to be anchored in the common success criteria and the cross-functional measurements which

form the basis of the cross-functional discussions on improvement areas.

For Service Operations, the service specification represents a framework for a well-defined customer group which is specific with regard to *what, where, when and why* but not with regard to *how*. This flexibility is important since Service Operations in the service specification walks on a tightrope where Service Operations is both to meet the customers' needs and ensure continuous improvement and optimisation across many different delivery models. The below text boxes contain a couple of typical examples of what might happen when Service Operations do not listen to the customers' needs.

Service design, and, thus, the development and maintenance of service specifications, is to a large extent a continuous improvement process in which we constantly:

1. Search for new improvement potentials
2. Develop new service elements
3. Pilot test and adapt the new service elements
4. Distribute and anchor the new service elements in the entire organisation

A large part of the above process takes place locally in Service Operations or marketing as part of day-to-day operations where the company meets its customers and continuously improve the delivery models within the framework of the service specification. However, there are also large cross-functional service development projects where we also often improve the actual service specification. In connection with the need for large service development projects, some organisations have begun to establish service development functions.

The underlying toolbox for service design to a high degree reflects the strong cross-functional focus. The individual tools are used where most suitable in connection with a given problem or task. A few examples of typical service design tools are:

- Customer satisfaction analyses, Voice of the Customer, performance management in general
- Segmentation, market research, personas
- Experience mapping, Service Blueprint (with touchpoints, moments of truth etc.)

GAIN CONTROL OF PROCESS QUALITY

Quality is important. Quality ensures that our services are delivered to the customer in an optimal and profitable manner, and it also provides a good starting point for automation. However, many highly automated processes suffer from lacking control of process quality, and, thus, rework ends up spoiling the customers' experience, and the productivity gains are eroded by double work.

Examples from real-life process optimisation

In a financial service company, a number of employee interviews were carried out which revealed that the rework between the four departments involved was between 20% and 50%. This was substantiated by a fast collection of data. The delivery times which represented the customer's primary experience varied from day-to-day service to several weeks. At the same time, it was conservatively estimated that only approx. 1/3 of customer inquiries went smoothly through the entire case administration process, which caused an extra resource consumption of more than 40%. Similarly, in another case administration environment, 50-70% of the material sent in by the customer lacked information or contained incorrect information, and, consequently, a case that could typically be processed in 10-15 minutes ended up having an average lead time of more than five weeks. At the same time, the rework resulted in an extra resource consumption of at least 100% due to extra retrieval of information and follow-up on it as well as reminder notices from impatient customers.

Much is still to be gained for the customer, the company and the employees by gaining control of process quality in service and administrative environments.

- Storytelling, storyboard, brand borrowing
- Service recovery, service guarantees, delivery gap analyses

In case you want to get a better overview of the service design toolbox, the Danish book *Service design* by Søren Bechmann can be recommended.

2.2 Process optimisation

Process optimisation is traditionally carried out by removing different kinds of waste from the process in such a manner that the company improves its ability to cost-effectively deliver the service to the customer, which is specified in the service specification. Examples of waste in processes are illustrated in the below text boxes.

The horizontal customer focus across departments has, in practice, led to the fact that process optimisation is often carried out in the form of projects or focused efforts connected to specific problems and success criteria. The problems and success criteria often take their starting point in the company's strategy or the service specification for the delivery model in question. Thus, a demand has arisen for having trained specialists in process optimisation placed centrally in the company. These specialists are sent out as project managers with the purpose of supporting the local management in the practical execution of the process optimisation.

There are a number of different models for process optimisation of which the majority follow the below simple improvement approach, namely:

WHY POSTPONE UNTIL TOMORROW WHAT YOU CAN DO TODAY?

For quite some time, flow has been an important principle within process optimisation, and one might think that the potential would now be on the decline. However, many service and administrative environments are still characterised by backlogs and silo thinking, which is neither advantageous for the customer, nor does it result in less work for the organisation as a whole.

Examples from real-life process optimisation

A citizen service function in a local authority had split up into four different teams, each of which took care of their own portfolio of cases. The different teams took information about each other's cases at the counter, the result being that the actual administration of the citizens' cases was often postponed until later. This led to several cases with lack of information, long response times and the fact that several employees were involved in the same case. Some of the cases, e.g. regarding health insurance cards, passports and driving licenses, could be handled by other teams without any difficulty, and the majority of these cases were now solved immediately, while a group of employees on call duty took care of the rest. This resulted in faster service and a significantly reduced number of unnecessary processes.

Another example is taken from a highly professional service environment, where, due to periodic pressure of work, the telephone service had been separated from the case administration which was typically completed within a few hours. This caused a great amount of double work as both the person on telephone duty and the case attendants had to make themselves acquainted with the case. Moreover, it was often necessary for the case attendants to call the customer, and the critical nature of the cases often made the customers call in with reminders several times. The current process, thus, both resulted in poor service for the customers and a significant amount of additional work for the often very busy employees.

Without doubt, there is still a potential in improving processes in service and administrative environments – not least if, from a customer perspective, the above is combined with considerations regarding quality and automation. There is much to learn from examining the process stoppages that the customers experience in the organisation.

1. Identify the problem and set up success criteria for the effort
2. Map the current processes and understand the reasons behind the problems
3. Identify improvement potentials and set up new and improved processes which meet the success criteria
4. Implement and maintain the new operations processes

In connection with the last step, the local operations optimisation toolbox should be taken into use in which the local operations tools for standardisation, training, planning, management and continuous improvements are found.

In the process optimisation toolbox, you can, as mentioned, find a number

SERVICE OPERATIONS

of well-proven tools, among these:

- Swimlane process mapping
- Service Blueprint (touchpoints, moments of truth)
- Service experience mapping
- Value stream mapping (analysis, mapping, design, implementation)
- SIPOC mapping (supplier, input, process, output, customer)
- Various guidelines for process design (flow, levelling out, waste analyses)
- Ohno's perspective on the seven wastes (generic waste tool)

If your organisation is about to carry out process optimisation from scratch, there are several possible approaches.

Many organisations choose to train a couple of the organisation's own project managers in process optimisation. This is relatively simple because today there are a number of good and accessible courses in this area. On the other hand, a longer start-up period must be expected as these employees need time to learn how to carry out and create noticeable and measurable results with process optimisation in practice.

Other organisations choose to employ people with the competences they need, which may also make good sense as there are a great deal of competent people out in the market with the right

process optimisation competences. Therefore, it will often be possible to find the right person with the right profile and thereby bring the right competences on board right away, enabling a fast start-up of the company's process optimisation.

Should you fancy other start-up models, there is a great deal of literature in the area, including the Confederation of Danish Industry's Danish translation of *Lean in service and administration*^F by Tapping & Shuker, which is often used for training. However, notice that process optimisation is a learning process and not something you can get out of a book. Thus, process optimisation can only be mastered by using the tools in practice, which allows the opportunity to learn from both successes and mistakes.

CREATE A PRODUCTIVE FRAMEWORK FOR YOUR EMPLOYEES

Employees in service and administrative environments often face a large number of different tasks and activities which tend to "split up the work day" and move focus from the large core tasks, such as case administration. In interviews in connection with the start-up of optimisation processes, we, thus, often hear that "the employees are significantly more productive when they e.g. work from home", despite the fact that they also have time to walk the dog, look after the children, wash clothes etc.

We have tested the potential in a number of optimisation projects in different environments.

Examples from real-life local optimisation of operations

A group of legal case attendants, who were allowed to attend to cases a whole day without being disturbed, succeeded in completing a number of cases corresponding to the production of the entire week. Similarly, in a transaction environment, a group of registry employees succeeded in registering mail corresponding to two entire days' work in less than half a day. A recent mapping in a department which had large difficulties in keeping up showed that the employees ought to be able to complete the necessary number of cases in two focused working days per week, which made one of the employees exclaim, "Then what are we spending our time on the other three days?". Finally, in connection with initiatives for elimination of backlogs, we almost every time experience significantly higher productivity levels.

Considering the size and extent of the potential, it is interesting that we focus so little on creating an optimal framework and optimal working conditions for the employees in service and administrative environments.

2.3 Local optimisation of operations

In local optimisation of operations, focus is placed on ensuring that the local processes run optimally and are continuously improved. Hereby, it is ensured that the company continuously gets better at cost-effectively delivering the service to the customer as specified in the service specification. Expressed in popular terms, it is about eliminating waste and exploiting the possibilities that emerge in the daily work with the processes and the delivery models. Examples of such waste are illustrated in the text boxes below.

The vertical focus across all the delivery models makes the local operations manager the pivotal point. This is where the responsibility for operations

and for continuous improvement of the local part of the delivery models is anchored. It is, thus, for example the operations manager's responsibility to locally ensure that the necessary number of employees are available at the right time to handle the anticipated demand. In service environments with many different cross-functional delivery models – and, hence, different customer needs – this often places heavy demands on the employees as to their competences and time-related flexibility. In order to succeed, it is necessary for the operations manager to plan in advance, to manage continuously and to use unexpected deviations for learning. In this manner, it will over time be possible to continuously improve the way in which the tasks are solved as well as the planning and management mechanisms that are central to optimal operations.

The description above represents a learning mechanism which is known from double-loop learning, quality management with corrective and preventive actions or *Jidoka* in Toyota terms. In practice, this continuous improvement element in connection with local optimisation of operations follows the well-known model^D below:

1. Make visible unusual deviations from what was expected
2. Immediately inspect the improvement potentials on the spot
3. Quickly correct in order for the delivery to the customer not to be put at risk
4. Create room for analysing, and identify the causes of the unexpected deviation
5. Use the knowledge obtained for introducing lasting improvements

TAKE RESPONSIBILITY FOR YOUR EMPLOYEES' COMPETENCE DEVELOPMENT

Many service and administrative environments regard themselves as highly competent knowledge environments with a strong focus on knowledge sharing and competence development of the human resources in the organisation. It is interesting that in these environments with a pronounced focus on knowledge sharing, we often experience very large variations in competences and, hence, productivity among the employees.

Examples from real-life local optimisation of operations

Interviews in a small legal case administration department with three full-time allocated and two part-time allocated employees revealed that one of the employees administrated approx. half of the cases completed every month. There were neither significant differences in the quality of the decisions made, nor in the type of cases which the employees completed. When the actual time that the employees had for administrating cases was taken into account, there was a difference in productivity of approx. a factor 3. In another case administration environment with 30 employees, a similar study showed a difference of a factor 6 in productivity, where some of the less productive employees were highly experienced. Finally, a recent study of a financial service environment with 40 employees revealed a difference of a factor 7 in productivity.

These differences in competences are interesting and represent a large unexploited potential in many service and administrative knowledge environments. Not least because in knowledge environments, we ought to be leading the field when it comes to sharing knowledge and, thus, developing highly competent, productive employees.

in the team's common best practice

The underlying optimisation toolbox contains a large number of well-tested tools, including:

- Heijunka planning shelves, performance boards, staffing plans, planning boards, the task and competence matrix, standard times, which support operations and visualise what was expected and deviations
- Fishbone diagrams, 5 x why, the seven classic quality tools, which help visualise and understand the causes of the problems and the improvement potentials

- PDCA, which represents the fundamental improvement mechanism behind continuous improvement
- Standards and standardisation, which are the basis of diffusion and anchoring of the team's common best practice
- Training methods, such as TWI (Training Within Industries), which can be used for diffusing the team's common best practice

The strong focus on continuous improvement based on performance management gives the operations manager a kind of "trainer role", where the operations manager's most

SERVICE OPERATIONS

important task is to strengthen the team's competences for being able to create the results and reach the goals themselves. This is quite similar to the role of a football coach, who, through motivation, training, common agreements, communication and the way in which the team is set etc., ensures that the team improves over time on its way towards world-class.

As the operations organisation becomes more mature, the strong focus on deviations, variance and problem analysis makes the Six Sigma toolbox highly suitable for professionalisation of operations optimisation. In the Six Sigma toolbox, there are, thus, a number of tools for establishing professional performance management systems and a large number of tools for complex problem analysis. When building up Six Sigma competences, one should keep in mind that the operations manager must understand the tools, but not necessarily be a specialist himself. Thus, the operations manager should, first of all, be a competent manager of people, which requires time and focus on other primary competences than the complex analyses with which the hard-core part of the Six Sigma theory is often associated. Therefore, when introducing Six Sigma, the company will have to consider where in the organisation to build up and maintain the Six Sigma specialist competences. Many companies choose to place Six Sigma competences in a cross-functional support function which can continuously support the top management, the operations managers and the local teams in their improvement work.

Another form of professionalisation concerns the design of local planning

and management systems as well as their link to the company's strategic management system. In this connection, a number of relevant theory areas exist within production management and production planning theory. There are two different approaches to this. The difficult version requires a lot of engineers and computers, whereas the easy version requires a bit of common sense.

It is easy enough to underestimate the "easy version", but we have experienced that the potential for operations optimisation in service and administrative environments is very large and also very overlooked. Moreover, many of the solutions "only" require some common sense and that the operations managers have the courage to enter into dialogue with the employees and involve them in building up a professional operations organisation together. Revisit the text boxes and take a look at your own organisation. Can you afford letting such improvement potentials remain unaddressed?

2.4 Organisational structure

It is obvious that the way in which we organise is important for how operations run and for optimising operations. By organisational structure, we here refer to a number of central factors, the context of operations so to speak, or the environment in which operations exist. This includes many different elements, from the very specific ones such as the company's IT structures and systems and management systems (performance measurements, reporting, controlling etc.) to the more intangible ones such as culture, leader-

ship style and code of cooperation. All these factors play a part for Service Operations and for how far you can take optimisation.

In the following, we will point out a few central elements in relation to organisational structure.

The company's management system and management paradigm are perhaps the most important factors in the organisational structure. For instance, a flat organisation with high delegation of responsibilities will, all things being equal, encourage the employees to be responsible and motivate them to contribute to optimisation, whereas a hierarchical organisation with a pronounced power culture will typically discourage employee initiative and, thus, impede optimisation of operations. Another aspect of the management paradigm is how to handle managers and employees who, in some way or the other, do not fit into the organisation, cf. Jim Collins' point about disciplined people: "First who, then what" - it is of crucial importance to have the right people in the organisation (Jim Collins: *Good to Great*, Børsen!). The management culture also influences the organisation's ability to adapt and develop as well as its agility and ability to execute fast. The BlitzKaizen method from Lean has e.g. turned out to be a good catalyst for a more dynamic and agile culture, cf. the case about the Danish Prosecution Service in this Viewpoint. Experience tells us that the work with optimisation of processes and operations challenges the management paradigm in many service companies, e.g. regarding which competence profile the middle managers must have in order to solve their opera-

tional tasks and regarding the extent to which you dare to let the employees implement improvements in their daily tasks themselves. It “only” requires that you believe in the employees wanting what is best for the company and in them being able to see opportunities for improvement in relation to their own work, into which they, obviously, have the largest insight themselves.

A consequence of the management paradigm is the company’s **organisational model**. This e.g. implies which principles exist for the division into departments, teams, offices etc., and how the distribution of work and the cooperation function. In connection with optimisation of operations, these elements are often altered. For example, by means of training and standardisation it is often possible to move tasks from specialists with an academic education to office assistants and, hence, achieve increased efficiency and job satisfaction as a result of more exciting challenges. A special aspect of the organisational model is whether a competence centre for operations and optimisation exists in the organisation, and whether the required competences are available in the organisation, such as production engineers, Lean specialists etc.

The company’s **technological infrastructure**, of course, also plays a part in operations optimisation. It is a large advantage if the optimisation work is supported by readily accessible and updated relevant data about production, quality, lead times etc. On the other hand, in the absence of such technological possibilities, it is often possible in a transition phase to collect relevant data ad hoc to an extent which

is sufficient to establish a basis from which we can navigate. And, funnily enough, it strengthens the ownership of the data when the employees themselves register how many cases they complete, e.g. in a simple counting system.

The work with optimising Service Operations implies changes in the company’s **performance culture**. The starting point may vary: In private service companies, there will typically already be a financially oriented performance culture – even though this is often far from having manifested itself in the large back office functions of the companies. Here, it is not rare to see a production culture in which the employees handle the received cases the best they can without having any special insight into KPIs such as productivity, lead times, rework etc. In public sector service organisations, there are, for very good reasons, not the same financial incentives, but often there are neither other “bottom line” performance goals, let alone KPIs for the daily operations. Moreover, in the companies where KPIs actually exist, there is often no transparency, i.e. the KPIs are only known by a few people or they merely exist in the IT system (“all you have to do is extract the data” – but who would ever do that in practice?), or they are hidden behind comprehensive tables and spreadsheets. In the work with Service Operations, the central challenges are to identify the relevant KPIs for operations (and ensure that they are linked with the company’s strategy and “bottom line”!) and get them out in the open, e.g. by showing them on boards placed in the production environment.

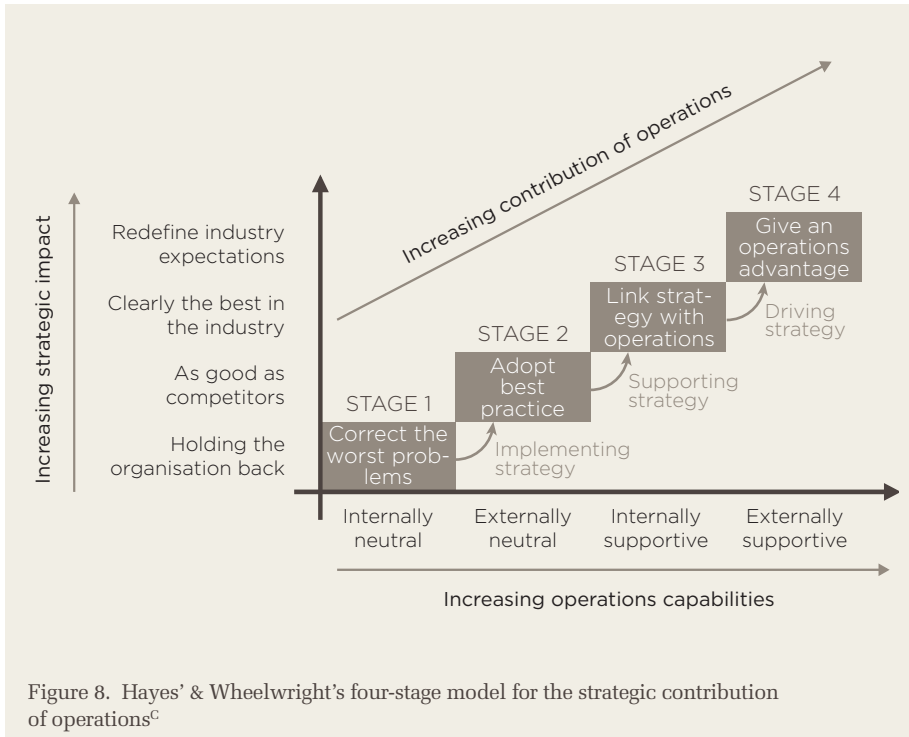
The incentive paradigm is the last of

the factors which we want to point out here. The incentive paradigm consists of formal structures, such as increments, bonuses/performance-based pay and formalised promotion criteria, as well as informal mechanisms, such as getting more exciting job assignments, recognition and larger influence. In the work with optimisation of Service Operations, we consistently experience that interesting incentive opportunities of a more or less informal character appear, making it possible for the employees to obtain increased influence on the organisation and improvement of working procedures etc. while at the same time experiencing increased recognition of their efforts.

3. Service Operations – a must or a strategic advantage

These years, we experience a rapid development of the service sector as regards the development of Service Operations. Many companies have drawn large inspiration from Lean thinking and Lean tools. And at the time of writing, another large wave seems to be coming, where the efforts to optimise processes and operations are supplemented by working more systematically with customers and with designing customer experiences. The efforts are strengthened in the front office area so to speak. We e.g. see this in the form of a rapidly increasing interest in understanding how the customers experience the company through customer touchpoints, how to design the desired customer experience in each of these, and how to, to an even greater degree, tend to what really creates the desired results and experiences for the customers.

SERVICE OPERATIONS



One may question how important the above is to a company, and part of the answer is that it depends on the maturity level of the company as illustrated

in figure 8. At the low levels, it is - to push it to extremes - a question of improving yourself to a level where you are able to survive since the low

starting point is a real threat to the company. If you, on the other hand, find yourself at a high level, you have the opportunity to turn your competences into an actual strategic advantage - here, Service Excellence can even become the company's most powerful strategic trump card.

It is our ambition that the Service Delivery System can be used as a reference on the journey towards optimising the organisation's total delivery system by creating coherence between the different optimisation approaches and by involving the customers and the meeting with the customers more actively in the continuous optimisation work.

Contact

For further information please contact

Jørgen Kjærgaard
 (jkj@implement.dk, +45 2338 0087)
 Jacob S. Sørensen
 (jss@implement.dk, +45 3085 8040)

Bibliography

A - Operations Management, second edition

Palgrave MacMillan, 2005
Terry Hill
ISBN 1-4039-3466-5

B - Service Operations Management, second edition

Prentice Hall, 2005
Robert Johnston & Graham Clark
ISBN 0-273-68367-5

C - Operations and Process Management

Prentice Hall, 2006
Nigel Slack, Stuart Chambers, Alan Betts
& Robert Johnston
ISBN 978-0-273-68426-8

D - Gemba Kaizen

McGraw Hill, 1997
Masaaki Imai
ISBN 0-07-031446-2

E - The Thinking Production System

Article, SoL Journal, Vol. 7, No. 2, Society
for Organizational Learning, 2006
Michael Balle, Godefroy Beaufallet, Art Smalley
& Durward K. Sobek
www.solonline.org

F - Lean i service & administration (Lean in Service & Administration)

Dansk Industri, 2003
Don Tapping & Tom Shuker
ISBN 87-7353-567-2

G - Servicedesign (Service Design)

Academica, 2010
Søren Bechmann
ISBN 978-87-7675-776-2

H - Service Management

Gads Forlag 2000
Richard Normann
ISBN 87-12-03372-3

I - Good to Great

Random House, 2001 and Børsen, 2008
Jim Collins
ISBN 978-071-267-6090

ARTICLE

From manager in a service organisation to operations manager of service production

The manager's role in the customer-oriented service company
by Anders Bogason

Introduction

Management is a discipline in which many service companies have invested considerable resources. We often meet middle managers and team leaders who are well-trained in management disciplines, including in particular management of employees: the coaching and involving manager/team leader who focuses on the highest possible degree of specialist competences and satisfaction among the employees. However, from a customer perspective, it is not unusual to experience long waiting times, unsolved cases and coincidental priorities due to the fact that the individual employee prioritises his own time and the execution of his individual tasks.

Demands for increased productivity and increased customer focus may render it necessary for the manager/team leader to develop other management competences. There might be advantages if the repertoire includes more of the operations management disciplines where continuous prioritisation of tasks and the employees' time consumption are given pride of place. As a matter of fact, both the customers and the bottom line may benefit from upgraded daily operations management. Our point of view is that service delivery

can, in many cases, be regarded as production; and we have experienced that there is much to learn about operations management from the classic industrial production environments and the management tools that have been developed and refined there through decades of learning.

The difficult task for the manager in the service company is to extend the role as a manager towards a more delivery-oriented management style (planning, operations management, follow-up) – without the employees losing their motivation. The potential incentive for the employees is reduced stress, the opportunity to deliver better service to the customers and more clarity as to when the individual employee is successful in carrying out the daily work.

With this article, we want to highlight the management role which is referred to as operations management in the industrial sector. In the service sector, this management role is often quite unknown as management is performed based on knowledge of the content of the service (expertise) rather than from an operations management point of view. The operations management role, however, contains a number of elements which can help fulfil – or exceed – the customers' expectations with a

limited number of employees. We believe that this is a substantial competitive advantage in a service sector which is becoming an increasingly important part of western economy.

THE BENEFITS OF OPERATIONS MANAGEMENT ...

... can especially be found in three development areas where the manager plays a central part in ensuring focus and supporting the development:

1. By focusing more on the customers and to a much larger extent adapting the production of services to the customers' demands and needs rather than internal considerations
2. By strengthening the operations management and the overview in the daily operations through optimisation of prioritisation mechanisms and processes
3. By strengthening the involvement of employees in continuous improvement of the daily operations

The challenges of the service organisation

Countless service organisations – public as well as private – have, to some extent, been occupied with development and improvement of processes as a consequence of demands for increased efficiency and bottom line focus while at the same time having to fulfil the customers' wishes for high quality, short delivery times and low prices. For a number of years, the most common approach to process optimisation has been the Lean philosophy, where Womack & Jones' five principles from studies of the Japanese motor industry have been applied to service environments. In the companies that have worked with Lean, this has resulted in an exploration of processes and a large number of activities involving the employees and the managers in creating an overview of how the company's services are delivered. The process work has typically been centred around Value Stream Mapping in accordance with the second Lean principle, and the organisation has subsequently worked on identifying and eliminating waste – typically inspired by Ohno's seven wastes.

In order to handle ideas for process development, many companies have also introduced Kaizen processes. Here, the employees have been encouraged to bring forward ideas which have then been assessed according to different criteria, and the most feasible ones have been implemented.

The companies that seem to have experienced the most significant results from Lean are the ones that have also worked with optimisation of

the process flow – especially including reduction of the delivery times to the customers, e.g. by aiming at day-to-day delivery or other very short delivery times. In many case administrating service organisations (e.g. insurance or public organisations), the reduction of delivery times from several days or weeks/months to a very short period of time is experienced as a quantum leap. This requires that the backlog is eliminated so that focus, at all times, is on fulfilling the demand of the day. That, however, calls for a completely different type of management than traditionally used, and this is where the discipline of operations management becomes relevant. Employees and managers will typically experience it as a significantly different situation if they suddenly have to switch from facing the work accumulated through several days to continuously gearing the "production" to the anticipated demand and a short reaction time.

It could be argued that it is more comfortable being an employee in an organisation with a substantial backlog. Here, there is job security due to the backlog, and the eager employee can save the day – every day. Equally, it could be argued that it is comfortable being a manager in a backlog situation – daily management is not necessarily needed since the backlog can be placed with the employees so that the manager's time can be spent on other management tasks than daily forecasting and operations management of employees and cases.

But if you are a customer of the service company in which there is a substantial backlog, it is, obviously, a doubtful pleasure. Waiting times for registration

of property rights, for a telephone answer from the insurance company or for having your construction project processed at the local authority result in annoyance and bad experiences, which is often in sharp conflict with the organisation's objectives regarding customer service. Of course, the answer is sometimes that the demand exceeds the capacity. Before this discussion makes anybody jump to conclusions, it is, however, relevant to examine whether the capacity is being used expediently – whether the daily operations are efficient. Mapping of processes or value streams will not provide an answer to these questions. Rather, it is something which the operations manager should be able to answer: How do we ensure high productivity without reducing the employees' motivation?

The daily activities can be managed

The operation of the daily activities in the company is, not surprisingly, associated with the management. But in most Scandinavian service companies, a considerable degree of self-management is a central part of the culture, which is why that is often said to be an important factor in employee motivation – just as motivation is, of course, crucial for being able to retain employees and deliver good service to the customers!

Much energy has, consequently, been spent on training the coaching and involving manager who provides the employees with self-management and a large degree of freedom. The employees prioritise their tasks them-

THE TRAINED OPERATIONS MANAGER ...

... should, at all times, be able to answer the following questions precisely:

1. How large was productivity in the previous week? Was it smaller/larger than usual? Why/why not?
2. How large a part of the cases/tasks was not solved at a satisfactory quality?
3. How large a part of the cases was solved within the time limit which we had promised the customer?
4. How large was the customer and employee satisfaction, respectively?
5. What will the situation be like next week?
 - How many cases do we anticipate? What is our resource situation?
 - Where are the most important imbalances? What are we going to do to deal with them?

selves and serve the customers using their common sense. However, the result may, unintentionally, be a large backlog of cases and individualisation of the case administration. One and the same customer may, thus, experience that his cases are administrated differently, depending on which "common sense" is taking care of the next case.

And what to do when the workload apparently exceeds the capacity available – when the backlog and the administration time increase? Or when

demands for optimisation are to be fulfilled? When a need for improving the company arises, the improvement initiatives are often directed at the employees' processes or IT systems. Process optimisation and IT development are, thus, well-known tools, which, however, with some justification, are experienced as fatiguing and lengthy in many organisations.

Another approach to the improvement initiatives is to upgrade the managers in the service companies to be able to manage the daily activities to a much larger degree. In fact, the result will often be that both the customers and the bottom line are influenced directly and fast in a positive manner if we regard service production as actual production. We should, thus, consider how to let ourselves inspire by the management disciplines in the industrial sectors without at the same time getting negative associations about production lines and repetitive work.

This is where the management role *operations management* becomes relevant as it can be a very important parameter for the ability of the service company to deliver *the right quality* of the company's service to the customer at *the right time* and at *the right price* (i.e. the right cost). In many service companies, the operations management task is, however, not clearly specified to the managers. And in addition, it is a task which the managers are not necessarily equipped for solving in the optimal manner. The management task of managing operations typically makes the department's core expertise fade into the background in favour of the expertise regarding the ability to prioritise tasks and the employees'

time consumption as well as involve the employees at the right time in sharing knowledge and identifying the best common ways of executing the tasks.

The operations manager is the day-to-day manager/team leader of the department – with specific tasks

In practice, the operations manager will, thus, be the manager in the individual department. The operations manager's task is to ensure that the day-to-day operations are efficient, i.e.

- That the right amount of resources (employees with the right competences) are available for handling the anticipated workload (demand)
- Planning as to which employees are to solve which tasks/cases
- That the quality of the company's deliverables responds to the given objectives
- That the processes are efficient, including that the employees are involved in continuously optimising the routines

The somewhat clinical description above implies that the operations manager, at all times, has an overview of the current situation in and around the department and has a good picture of what will happen the next day. A picture which, by the way, should be known by the employees (and cooperating partners), so that expectations can be reconciled and surprises and frustration be minimised.

Thus, it is necessary that the operations manager has an insight – which he also shares – into which types of tasks exist,

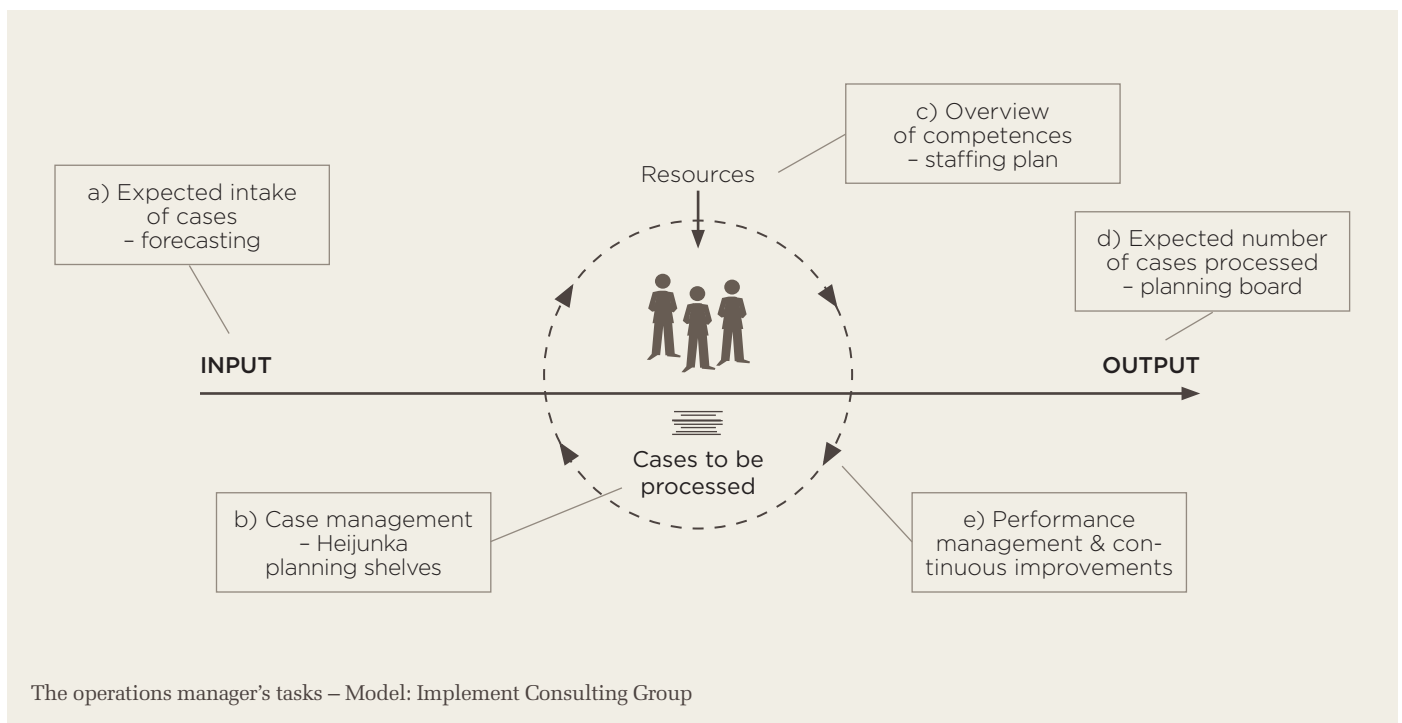
and what the time consumption for executing them is expected to be, quite precisely. Moreover, the operations manager must have a complete picture of what the employees available in the department can be expected to produce – also at a quite detailed level. It is, thus, for the operations manager to continuously ensure that the right tasks are allocated to the right employees in such a manner that non-productive time is minimised, and the daily work is carried out as efficiently as possible. Once the routines have been established, this management task will only require a little amount of management time as the experienced operations manager uses standardised “distribution mechanisms” (e.g. Heijunka planning shelves and planning boards), so that the “normal situation” in the depart-

ment implies that the employees pull most of the cases themselves.

The operations manager will, thus, at all times be able to tell whether the department is in the normal state, i.e. everything is under control, or whether an irregular state is approaching, i.e. the execution of the tasks is not developing as expected, and reprioritisation and specific actions are, consequently, needed.

The below figure illustrates the tasks of the operations manager as well as a number of his tools: (a) The operations manager continuously forecasts the amount of new cases to be processed in the next month/week/day. Cases awaiting to be processed by an employee are made visible, placed

and prioritised in a Heijunka planning shelf system (which may also take an electronic form). Based on the staffing plan, the operations manager on a daily basis agrees with the employees who takes care of which cases (c). The name of the person responsible for each case as well as the expected number of cases processed today/this week are stated on the planning board (d), thus making all agreements visible for everyone. (e) It is, furthermore, the responsibility of the operations manager to set targets for the area and follow up on whether these targets are achieved and to facilitate continuous improvements of processes and operations. In the following, the tools of the operations manager will be elaborated on.



FROM MANAGER IN A SERVICE ORGANISATION TO OPERATIONS MANAGER OF SERVICE PRODUCTION

What does the operations manager use in practice?

The operations manager makes use of a number of well-known, structured management tools based on visibility and quantifiable quantities. The four tools below are powerful and common in an operationally managed organisation.

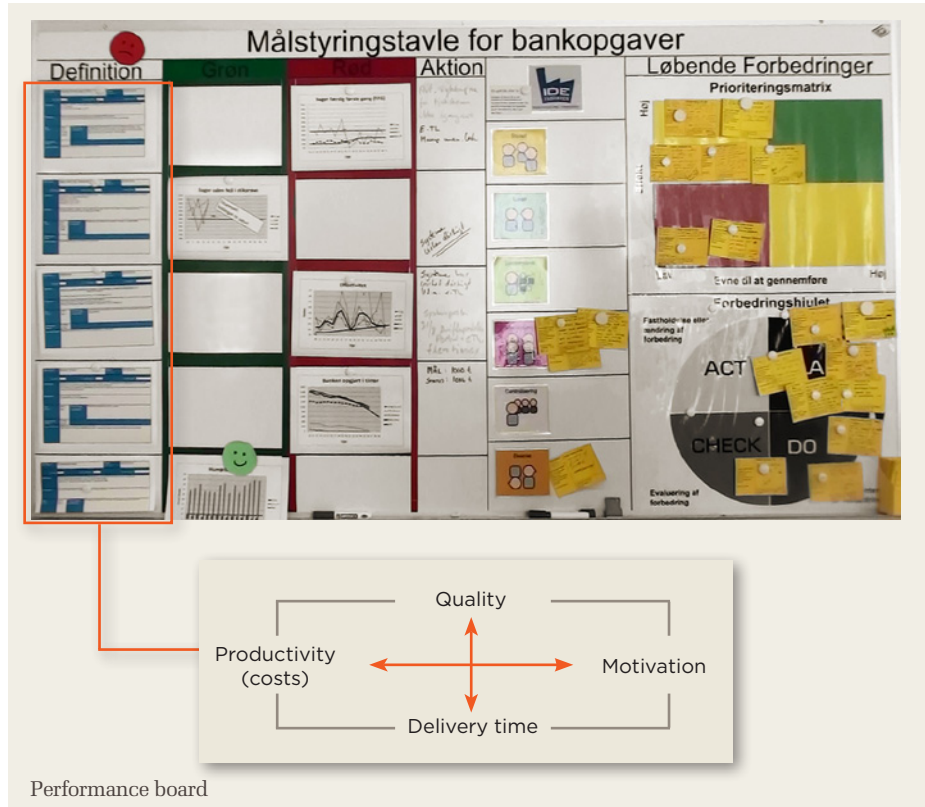
1. Performance board

The overall objectives of the department/area must be clearly formulated, quantified and known by everyone, regardless of the employees' commitment to the objectives. If it is expected that our administration time for construction projects is 5 days at the maximum, all employees should have an overview of the status at all times, and, therefore, reporting must be performed. Likewise, if it is expected that our customer satisfaction is 4.7 on average on a scale from 1 to 5, everybody should know what the status is.

The performance board should reflect the objectives that are important to the work of the department. A good starting point is to set specific targets for:

- Productivity
- Delivery time (how long the customer is to wait for the service)
- Quality
- Employee satisfaction

The performance board is updated at a fixed frequency, e.g. weekly. Here, the employees in the department gather at the weekly *performance meeting* and discuss the current status of the overall objectives of the department. On the same occasion, initiatives for continuous improvement are discussed and



Performance board

11-11	Mandag	Tirsdag	Onsdag	Torsdag	Fredag			
Overført antal <i>Specialt</i>	0/20 ¹¹	16/06	0/26	16/06				
Modtagne nye <i>Specialt</i>	9/11	2	14/3	2				
Opfølgningssager	4		0					
I alt til afvikling								
Afsluttet <i>telefon</i>	33	48	21	44				
Afsluttet - i alt	81	65						
Kapacitet/norm	48	45						
Ekspeditionsgrad	155%	135%						
MARRIANNE	FERIE	0	FERIE	0	FERIE	0	FERIE	0
SUSANNE	7 ⁰⁰ - 15 ⁰⁰	8	7 ⁰⁰ - 15 ⁰⁰	8	7 ⁰⁰ - 14 ⁰⁰	7 ⁰⁰	10 ⁰⁰ - 15 ⁰⁰	8
JOHN	8 ³⁰ - 16 ⁰⁰	7 ⁰⁰	8 ³⁰ - 16 ⁰⁰	7 ⁰⁰	8 ³⁰ - 12 ⁰⁰	7 ⁰⁰	8 ³⁰ - 16 ⁰⁰	7 ⁰⁰
KNUD	8 ³⁰ - 16 ⁰⁰	7 ⁰⁰	8 ³⁰ - 16 ⁰⁰	7 ⁰⁰	9 ³⁰ - 16 ⁰⁰	5	12 ⁰⁰ - 12 ⁰⁰	8 ³⁰ - 16 ⁰⁰
ANTAL TIMER		23		23				
Andre opgaver <i>social + job</i>		2 ⁰⁰		3 ⁰⁰				
Timer til rådighed		20 ⁰⁰		19 ⁰⁰				

Staffing plan

initiated - in Lean terminology, Kaizen.

2. Staffing plan

To service the customers and solve the tasks of the department, the operations manager needs to know which competences are available. The availability of employees (competences), therefore, appears from a staffing plan, which is updated on a daily basis. The staffing plan should be visible and accessible for everyone, preferably on a board on the wall. The optimal staffing plan is based on the employees' different competences, so that bottlenecks, if any, are identified at an early stage.

In addition to the daily operational tasks, the staffing plan should also take into account other important tasks which currently exist in the department, e.g. competence development, product development or process improvements.

3. Heijunka planning shelves

In many service companies, the individual employee typically has a good grasp of his own tasks. But how do we ensure that the next task which is solved is the most important task for the department/company as a whole? How do we ensure a shared overview of the total workload? And how do we ensure that we are not overburdened when the intake of cases fluctuates?

A central tool for the operations manager is the Heijunka planning shelves where cases/case types are simply placed on the appropriate shelf in accordance with a certain system, and the employees then pull the cases in the right order rather than prioritise between them. Heijunka planning shelves, furthermore, help level out the



Heijunka planning shelves

workload, so that the cases allocated exactly correspond to the number of cases which the employees available are expected to be able to solve. Thus, the Heijunka planning shelves become an important factor in ensuring that the right competence solves the right case at the right time.

Heijunka planning shelves may take many forms and may be both physical and electronic. What is most important is that clear standards exist as to what the individual types of cases imply, where they are found, how they should be pulled and solved as well as what happens to the cases before and after they have been solved. Moreover, it is important that a clear distribution of roles exists concerning the Heijunka planning shelves, making it clear to all employees where and when they should pull cases, and how many cases they are expected to pull.

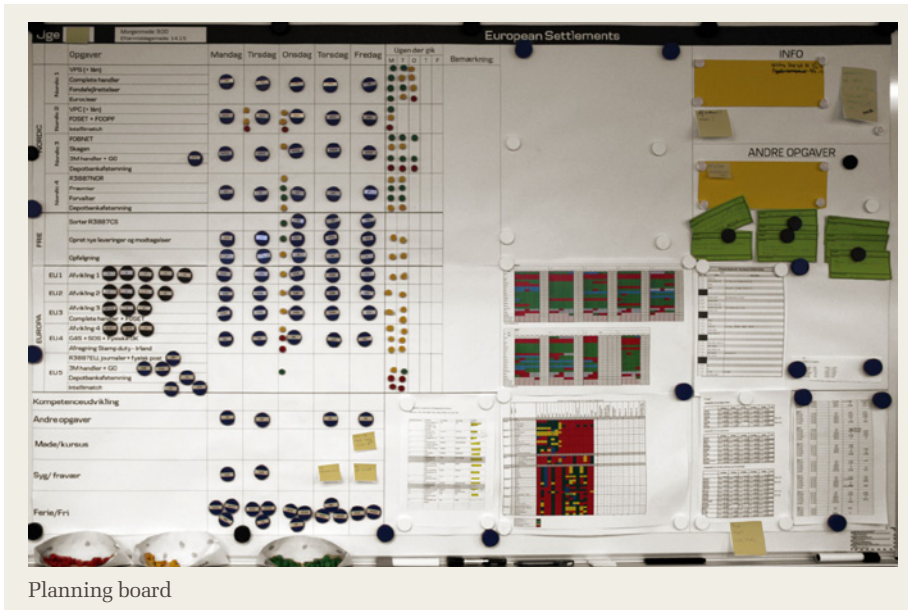
4. Planning board

What does the operations manager specifically do in order to arrange with

the employees how each day should be structured? The daily operations are agreed with the employees at the daily *operations meeting* - which may take place one or more times a day, e.g. at nine and two o'clock - and are updated by means of a planning board. At the operations meeting, follow-up on the previous day is performed, and today's production targets are set. In small teams, this would be a task that the operations manager may delegate to a coordinator in the team, and all coordination would then subsequently take place with the operations manager and the other coordinators. The planning board indicates the targets of the day and who specifically are expected to solve the different cases.

In addition, *forecasting* - i.e. the ability to estimate tomorrow's demand - is an important element in managing operations. This would typically also be shared with the employees on the planning board. The planning board and the Heijunka planning shelves often supplement each other, the purpose of both being to ensure that the right cases are

FROM MANAGER IN A SERVICE ORGANISATION TO OPERATIONS MANAGER OF SERVICE PRODUCTION



Planning board

managers in service companies. Introducing planning boards and Heijunka planning shelves, thus, requires that the manager, at fixed times, takes a look at the status and prioritises on the basis thereof. The boards alone, however, are not sufficient for communicating messages and distributing tasks – which calls for short, well-structured meetings where the employees obtain an overview of the current situation, and where agreements are made as to the handling of tasks for the period until the next meeting (in 4 hours, tomorrow etc.).

In this context, being an operations manager requires strict daily calendar management regarding whiteboard meetings, which also requires mutual respect concerning scheduled meeting times from employees as well as management colleagues. One way of succeeding with such calendar management is that the manager systematically earmarks time for operations management tasks by “standardising” the management tasks that are important but not urgent, cf. Covey’s seven good habits.

taken care of at the right time by the right employees.

The above four visual management tools enable the manager to maintain and share an overview of staffing, distribution of tasks and production.

It is not the tools alone that make the competent operations manager – rather, it is management

The most important purpose of the visual tools is to remove complexity in operations from the individual employee’s work, thus releasing energy and time for dealing with the complexity of tasks within the employee’s specialist area. The customer, after all, takes it for granted that our management procedures work, and that the expertise of the employees is used for

solving the cases and not for management! One may, therefore, take the point of view that it is the manager’s task to ensure that the employees, in a focused manner, spend their time and resources on solving the customers’ cases – rather than on prioritising between them.

As an operations manager, much more than tools is required to make things work. Time and management competences are crucial – both in order to make the employees committed and to gain control of the role as an operations manager.

Management time is required to increase efficiency among the employees

Being an operations manager typically requires somewhat more systematism regarding the manager’s own workday than what comes naturally to many

To achieve results with operations management, the manager must take an interest in it

It is our experience that the manager’s preference for working with the quantitative aspect of the work in the department has as significant influence on the manager’s success as an operations manager. Managers who maintain their specialist knowledge as the most important standpoint and who basically cannot mobilise a real interest in production times and quantities may have a hard time being successful in the role as operations managers. However, this

is an interest that, for the majority of managers, can be evoked, which we have seen numerous examples of – even if their attitude has been (highly) sceptical at first. Most managers are, of course, interested in being successful in their management work, and if the manager's manager also takes an interest in and demands behaviour based on facts in the daily operations, this tends to have a catching effect...

An appreciative approach paves the way for operations management

Successful operations management of employees in service organisations typically requires that the manager trains his appreciative side. True, many employees regard an increased overview and a levelled workload as two important and immediate benefits of operations management, but on the other hand, the same employees often also experience that the individual

freedom to prioritise on what to spend their time (or which cases they consider most important) disappears. And since few people basically find it attractive to be “ordered about” in their everyday work, both empathy and consequence are required from the manager to take on the highly controlling role in relation to the task.

It is our experience that operations management can be used for providing a clear picture of what kind of effort is expected in order to be successful. And successes should, of course, be recognised and celebrated properly...

The change requires hard work – and not all succeed

Introducing new management approaches which in many ways conflict with the known management practice is, obviously, not an easy job. The manager must, when establishing the

foundation for operational management, create an overview, which some employees may regard as a build-up of control, and, at a later stage, the manager will be prioritising between tasks, which until now has belonged under the employees and has formed part of their “freedom”. These measures potentially create resistance, unwillingness and opposition in the initial phase. The manager's “backbone” and determination are, in other words, put to the test – depending, of course, on the culture in the organisation.

We have experienced organisations that have judged it to be too overwhelming to transform the manager role. Consequently, these companies must find other ways of optimising their business, e.g. process-related or IT-focused – or simply cutting back in general. In the cases of individual managers who have not had a preference for operational management, it is for the corporate management to assess whether transforming or maintaining is most important. We have seen it go both ways.

Whatever the outcome of each company's considerations, our experience tells us that much is to be gained from transforming the manager role – and that the majority of service companies ought to do so. For the sake of the customers, if nothing else...

How to embark on operations management?

So, what does it take to start introducing operations management of service production? Obviously, there is no one, universal answer to this, since each or-



Performance meeting

FROM MANAGER IN A SERVICE ORGANISATION TO OPERATIONS MANAGER OF SERVICE PRODUCTION

organisation always has its own unique starting point and characteristics (customers, services, surroundings, history, employees, ownership structure etc.). That being said, the core aspect in managing everyday activities is to establish a structured overview. A recommended approach is, thus, to ensure that the following elements are in place:

1. Establish a structured overview of your customers and their expectations concerning your services, including the differentiation of your services. Do differences exist regarding the customers (segments)? Do differences exist regarding services and the expectations in relation to them? A division of services is typically a central starting point in order to be able to manage accurately and adequately.
2. Establish an overview of your competences and tasks. Which employees are available, and which competences do they possess in relation to the tasks that the organisation must daily solve, i.e. in relation to the services delivered? A matrix of tasks and employees can be the most optimal way to create this overview, in which the individual employee is classified in relation to the individual tasks, e.g. on a 4-point scale: *4 - is able to solve the task unassisted, 3 - is able to solve the task with*
3. Establish an overview of the production – how long does it take to solve each individual case on average (standard time), and how many cases on average do we receive per day/week/month? What are the variances? How is the balance compared to the registered time consumption of the employees? This is where operations management becomes relevant: the allocated time must match the anticipated time consumption – and ensuring this is an important part of the operations manager's daily role and task.
4. Establish habits and introduce management tools (performance board, staffing plan, planning board and perhaps Heijunka planning shelves) for communicating status and following up on results. We believe that the most successful implementation is achieved when the manager outlines a clear direction and, to the extent appropriate, involves the employees in realising it. This is

assistance, 2 - wants to learn how to solve the task, 1 - is not able to solve the task... In this context, it may, furthermore, be relevant to obtain an overview of the time spent by each employee (e.g. per week) on the different tasks. Thus, we will also gain an insight into how much time we use in total in order to deliver our different services.

a process which, according to our experience, requires a large degree of firmness in the initial phase, but which, gradually, allows tasks and responsibilities to be transferred to the employees, so that the operations manager primarily is to step in when the situation enters some kind of an irregular state.

Being an operations manager is, to a large extent, about balancing the four operational dimensions: productivity, delivery time, quality and employee satisfaction. Ultimately, it is, however, the operations manager's ability to achieve a large degree of flexibility in the daily activities that produces great results: Competitive advantages are achieved through the very ability to develop a flexible organisation, in which operations management enables the employees to take responsibility and dedicate themselves to solving the tasks which are most important. In this way, the operations manager's handling of the service production will positively affect the customers every day. And this will, typically, also be reflected on the bottom line...

Contact

For further information please contact Anders Bogason (abo@implement.dk, +45 2338 0028)

Lean as a lever for transformation of the Danish Prosecution Service

By Jørgen Kjærgaard and Anders Bogason

Turning over a new leaf

With the Danish police reform, which came into force on 1 January 2007, the Danish Prosecution Service was given a more independent role at the administrative level in relation to the police, where, in addition to the subject matter responsibility, they also assumed full responsibility for their results and resources. A new decentralised organisation of the Prosecution Service was introduced constituted by a Senior Chief Prosecutor and, as a general rule, five Chief Prosecutors in each of the twelve police districts. Existing managers from the police and the Prosecution Service filled the management positions.

The Director of Public Prosecutions formulated a development plan for 2007-2009, and in this connection he asserted himself as the head of the Prosecution Service in both subject matter and administrative fields. The plan was a stepping stone to a comprehensive and ambitious transformation of the organisation. During the first twelve months, focus was aimed at getting the new, merged districts established and put into operation and simultaneously enhancing the Director of Public Prosecutions' ability to support the future development, i.a. by building an HR function and a development function.

People and efficient processes in focus

Early in the transformation process, a central focus area was to further develop the people of the organisation, e.g. by inquiring about wishes for the future organisation at workshops across Denmark for all employees. This was a new initiative, and new training offerings were launched in an appealing design, showing the employees that they have every reason to be proud of their workplace. This investment was without a doubt advantageous for the launching of the work with optimising work processes, which was another key element in the development plan.

Seen from the outside, it is clearly a strength that synergy between different development initiatives had been taken into consideration. In this context, other companies could draw inspiration from the Director of Public Prosecutions.

When are you ready for Lean?

Already in 2008, focus was, in accordance with the plan, aimed at the administrative procedures. Contrary to the police, who had chosen to emphasise thorough descriptions of administrative procedures, the Prosecution Service – inspired by the Danish Court

Administration's best practice model – chose an approach where the employees were let loose in the work with improvements. The Prosecution Service went one step further than the courts and increased the level of ambition by choosing Lean as an overall, holistic approach to optimising work processes and by making a determined effort to transform the entire culture in the organisation by developing the managers in the role as operations managers.

"We chose to go large-scale from the beginning as the production of cases had decreased significantly following the reform. Production decreased by more than 15%, which created a

THE IDEA IN BRIEF

Since the police reform came into force, the Prosecution Service has been in the process of a comprehensive transformation towards a completely new way of thinking and working – combining an extremely high level of legal expertise with efficient operations management and a new management paradigm. Lean has been a central lever in this transformation, which in itself is one of the most comprehensive transformations carried out in the public sector in recent years.

LEAN AS A LEVER FOR TRANSFORMATION OF THE DANISH PROSECUTION SERVICE

burning platform in relation to, as a minimum, increasing production to the same level as prior to the reform. Therefore, it was never a possibility to start on a smaller scale," Public Prosecutor Svend Larsen says about the introduction of Lean. "However, in the police and the Prosecution Service, we were extremely busy with all of our many projects as a result of the reform, and the local managements actually asked us to postpone the introduction of Lean by six months to the autumn of 2008. Otherwise, we would just have started." We know from experience that pilot projects can provide a good foundation for the implementation of Lean, provided that there is a clear management decision stating the purpose of the pilot. Unfortunately, it is not uncommon to see organisations that following a successful pilot do not complete the roll-out, which naturally gives rise to doubt in the organisation whether the management is committed to Lean.

Development in several dimensions

The Director of Public Prosecutions' development plan provided the basis for a transformation with interaction between different development initiatives. In relation to more efficient administrative procedures, the Lean approach was chosen. At the same time, it was a point of attention that the implementation of Lean involved considerable challenges for the managers, and that it was actually just as much a development project aimed at the managers and the culture and not merely an introduction of new tools. Furthermore, the Director of Public Prosecutions was

aware that the implementation of Lean could be carried out consecutively with other ongoing management development initiatives, thus having an even larger impact on production as well as motivation and job satisfaction.

At the beginning of the project, the Chief Prosecutors and the steering committee decided to strive for simultaneous achievement of positive results for "the customers", (the charged and injured parties), an improved work environment for the employees and increased productivity – the project's "triple bottom line".

"If we increase the demands made on the managers, we need to help them"

"We admit that we are quite tough when it comes to measuring the performance of our employees, which they have gradually learned to live with, and which the young employees find natural. We started out rather heavy-handed with this performance regime, because we need to know whether or not the employees are productive. Simultaneously, we have provided the districts with some tools, and they maintain their freedom to choose how they will meet the goals," Chief of Finance and Controlling Karsten Bo Larsen from the Director of Public Prosecutions says, who, as a former employee in the Ministry of Finance, knows the meaning of tough management. "And it does not make sense to provide the districts with descriptions of administrative procedures prepared at a central level which they can pass on to the employees thinking that everything is fine," adds Svend Larsen, who

TASKS AND ORGANISATIONAL STRUCTURE OF THE PROSECUTION SERVICE

The Prosecution Service is headed by the Director of Public Prosecutions and is composed of the Office of the Director of Public Prosecutions, six Regional Public Prosecutors and a prosecution department in each of the twelve police districts. The prosecution department in a district is managed by a Senior Chief Prosecutor who reports to the district's Commissioner. Normally, the Senior Chief Prosecutor has five Chief Prosecutors functioning as his middle managers and typically 70 lawyers, police officers and office assistants. The twelve police districts employ approx. 800 employees in the prosecution departments and hear approx. 80,000 cases annually.

is head of organisational development at the Director of Public Prosecutions. "As part of the Lean project, we therefore chose to design a special management development track at which we, through a number of training sessions, large workshops with all approx. 100 managers and pit stop meetings for the Senior Chief Prosecutors, prepared the managers for the challenges to be faced in connection with the implementation of Lean."

Another important part of the preparation of the local managers has been the training in Lean of local process consultants, who can support the implementation in the districts. This investment has turned out to be so favourable that the managers have requested training

of more process consultants to help ensure that the goals are met.

"Basically, we believe that they are more proficient at running the work in the districts than we are from a central level. We believe in maintaining freedom and not in a highly centralised model. Thereby, we also emphasise that the responsibility for making it work is decentralised. In return, we make ambitious demands as to the results," Svend Larsen says.

Management makes the difference – in the top management

For the Director of Public Prosecutions, it was important to set the right team to drive the extensive transformation of the entire decentralised Prosecution Service in the districts. "We enjoyed the privilege of starting almost from scratch, i.e. to build a new organisation and culture from the ground up. It is vital to gather a small, efficient management team, who can supplement, support and inspire each other and who share a common vision of making the organisation a great place to work characterised by high quality and excellent service. We all know what is going on, we know each other, we can communicate the same – and we have a good time together and are comfortable in each other's company. It is also important that we are very different and at the same time able to work effectively together," Svend Larsen says. Thus, the experience of the Director of Public Prosecutions is completely in line with the recommendations in Jim Collins' book *Good to Great* about the importance of setting the right team.

Communication enhances the impact

For the Director of Public Prosecutions, it was clear that the communication in relation to Lean was to be crystal-clear and unambiguous from the beginning. "Communication is extremely important – it starts with commitment – it is vital that we believe 100% in the new initiatives and are unshakable in our beliefs. It is also important to execute fast and maybe even relatively brutally. When you know what you want, it must be communicated very clearly and in a direct manner. We say it as it is. We communicate in different ways, but the direction is always the same. We acknowledge good performance and praise the employee again and again, and this is a rather untraditional approach in our system. Similarly, we aim at being very precise and firm when something is not good enough," Svend Larsen says.

Part of the communication consisted in large-scale events for all the managers with a good mix of external contributions, involvement in specific tasks and testing of Lean tools – which took place in an atmosphere signalling that change is both possible and desirable. It was evident in the process that these events made a difference to the managers as more and more expressed that they could see that this was going somewhere. Thus, communication finds expression in many ways where the staging of specific activities in itself contributes to creating the desired change environment. All the way from energetic staging of large-scale events to the festive reception where a Blitz group celebrates that it has carried out and implemented a specific improve-

ment, e.g. a new Heijunka planning shelf system.

Management makes the difference – in the districts

Experience from other Lean projects carried out in service companies shows that management is the largest challenge, i.e. it is the most important factor in relation to the obtained effect, cf. the article dealing with Service Operations in this Viewpoint. At the Director of Public Prosecutions, they knew how important a role the managers played in succeeding with Lean. "We knew from the start that all of our initiatives stood and fell on the managers and the management team. And when we

OPERATIONS MANAGEMENT – PART OF A NEW MANAGEMENT PARADIGM

As many other organisations based on high subject matter specialisation, managers in the Prosecution Service are traditionally competent specialists. Through the transformation, a whole new management paradigm is developing where the high legal competence is supplemented by expertise in relation to operations and human resource development – both elements being supported by a systematic effort from the Director of Public Prosecutions. In addition, the organisational agility is strengthened by the managers realising that things can be changed, fast and effectively, e.g. through BlitzKaizen, which has become a popular tool.

LEAN AS A LEVER FOR TRANSFORMATION OF THE DANISH PROSECUTION SERVICE

LEAN IN THE INTERACTION BETWEEN POLICE AND DISTRICT COURT

With an average processing time of 18 months and a cancellation rate of 30%, there was a great need for increasing the number of completed cases heard by a court sitting with lay judges in the district court in Glostrup and in general making the cooperation between the district court and the local prosecution service in the Western Copenhagen Police district more flexible and efficient. Thus, the two offices, as the first in Denmark, carried out a common implementation of Lean across the two offices. This resulted in fewer cancelled and postponed hearings and in an improved capacity utilisation in the court. In the Prosecution Service, efficiency has, correspondingly, increased, and an overview of the secretariats' tasks has been established. The most important result is a significantly improved cooperation between the offices.

introduced Lean, we knew that we had to put emphasis on management," HR Manager Ida Sørensen says. "And now a couple of years after we initiated the implementation, it is evident that this prioritisation has been a success. This is what really ensures a lasting impact. There are a number of managers who have made steep progress and grown incredibly, and we have more managers with a clear ambition of transforming the Prosecution Service into the best workplace."

One aspect is management and the

individual manager's execution of his role, another aspect is the management context where each district has a management team constituted by a Senior Chief Prosecutor and five Chief Prosecutors. Lean gave rise to emphasising the development of the management team as the focal point of operations management in the districts. "Early on, we chose to put emphasis on the Chief Prosecutors, our middle managers, where we experienced an enormous need for improvement. Some of them were not in favour of the reform, and this merely emphasised the need. Therefore, we clearly communicated the expectations for the team during the implementation of Lean, and it is very satisfying to see when it works," Svend Larsen says.

The work with Lean in the districts has revealed that considerable parts of the daily work resemble mass production. High-volume cases, which are relatively simple, constitute the majority of the daily caseload, and the handling of these could be more optimal if based on common production methods without it affecting the subject matter quality or the rule of law. In some of the districts, this has inspired the management to change the organisation to reflect this approach.

A breakthrough that increased the progress

From the beginning, Lean was received very positively by both managers and employees, however, also, as expected, with some scepticism. When the first positive results were received from the different districts, the scepticism was reduced markedly and much curiosity

arose to find out how others had achieved good results. The perhaps largest breakthrough was when the local prosecution service in South Zealand and Lolland-Falster Police succeeded in turning an almost hopeless situation characterised by backlog of cases and stress into taking the position as Denmark's best operational unit measured on production simultaneously with significantly improved job satisfaction among the employees.

"The fact that a focused Lean effort from managers and employees in just three months can change the picture from a disaster that lies in wait just around the corner into being a model organisation – that it is possible to move an entire organisation by applying simple methods and by taking an interest in details, cleaning up and gaining control – that resounded in the entire country," Svend Larsen says. Part of the secret was to show an interest down to the last detail, which up to that point had had little priority, e.g. how papers move around and how to file cases in an easily accessible system etc. "We never missed an opportunity to praise the district. It gave the local management a natural interest in profiling themselves. As a result, other districts came to visit, and then it spreads like ripples in a pond. The other Commissioners start finding it interesting to follow the example in their own districts – to begin with in the prosecution department of the district – however, some also begin to see the potential in using it in the police section," Svend Larsen says.

In general, it is a great advantage when a developing organisation has several comparable operational units – bench-

marking of results is a powerful, self-regulating mechanism which constantly lifts the "bottom".

details in operations. This has really made a difference for us mentally. "Many people have developed a great deal - with some people it takes a little

more time - and it has become part of our considerations when we recruit new candidates. We are still only half-way," Svend Larsen says.

Lean is much more than tools

Lean has been an important ingredient in the transformation of the Prosecution Service in combination with tough performance management and systematic HR development. Altogether, these initiatives have supported a fundamental cultural shift, which to an increasing degree leaves its mark on the manner in which the employees think, speak and act in the Prosecution Service.

"One of the most important achievements is the cultural shift - not least the experience that you CAN change things. Previously, a widely held view was that new unwelcome initiatives would disappear into thin air if you just waited long enough. Now there is a widespread experience that with the new culture we generate much better results and have a much better workplace," Svend Larsen says. "If a problem arises, we take action and invest in solving it - here and now - to avoid long bureaucratic decision paths. Fast execution is to an increasing extent an important part of our new culture based on the motto: We will fix it - we start tomorrow. If the new solution does not work, we simply change it." "Another aspect of the cultural shift is that now we work systematically with operations management and that the managers take responsibility for operations. We now have an entirely new view on operations - all the way from assuming that things just happen by themselves to being occupied with the

FROM CHAOS TO NUMBER ONE

Following the reform, the local prosecution service in South Zealand and Lolland-Falster Police encountered large operational challenges. The merger of several local police stations did not provide the expected improvement of efficiency but, on the contrary, an increasing accumulation of cases, which, despite various efforts, was not eliminated. The employees were not able to meet the time limits. Cases were piling up everywhere on the desks and floors, and a great deal of time was spent on searching for the cases. The belief that, with the given resources, it would ever become possible to manage the workload was strongly on the decline among the employees, and it was evident that a great workload over a long period of time had also reduced the case administration efficiency. Therefore, the Senior Chief Prosecutor requested help from the Lean project and personally headed a focused effort for getting back on the right track.

The effort had two purposes: The backlog of cases was to be reduced, and a solution was to be made which addressed the administration of new cases from a Lean perspective. The case pile was isolated, estimated in terms of time, targets were set and the pile was processed by a number of selected employees. At the same time, the daily operations were stabilised through e.g. standardisation, reorganisation of the work, performance management and implementation of daily operations management. Following a six months' intensive effort, the backlog of cases had been processed and everything was under control. The new operations tools and techniques in the Prosecution Service included placing all cases in a new Heijunka planning shelf system, clear standards for 25 primary work procedures, a new organisation of the entire legal secretariat, including new offices and work stations, a task rotation system and a plan for training of new employees.

Furthermore, the focused effort entailed filing of several hundreds of cases and a thorough cleanout in all local archives. Today, the local prosecution service in South Zealand and Lolland-Falster Police ranks number one in Denmark in terms of realising targets set, the working environment is markedly improved and the Prosecution Service has become an attractive place to work. The project has been of vital importance for the implementation of Lean in the police and Prosecution Service on a national basis by documenting that through a systematic and prioritised effort, production as well as employee satisfaction can be improved - and that it is possible to create a model organisation from the ashes of chaos in merely six months if you, i.e. the management, dare and are willing - and take the lead.

LEAN AS A LEVER FOR TRANSFORMATION OF THE DANISH PROSECUTION SERVICE

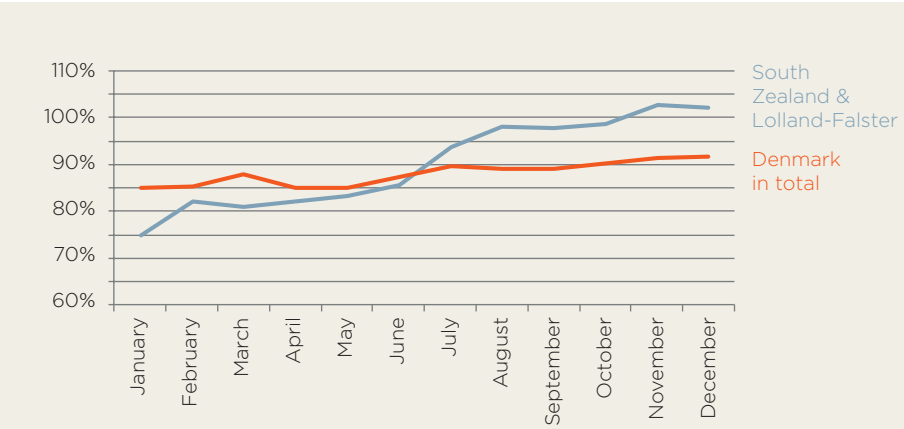


Figure 1. Realisation of targets set for South Zealand and Lolland-Falster Police, 2009

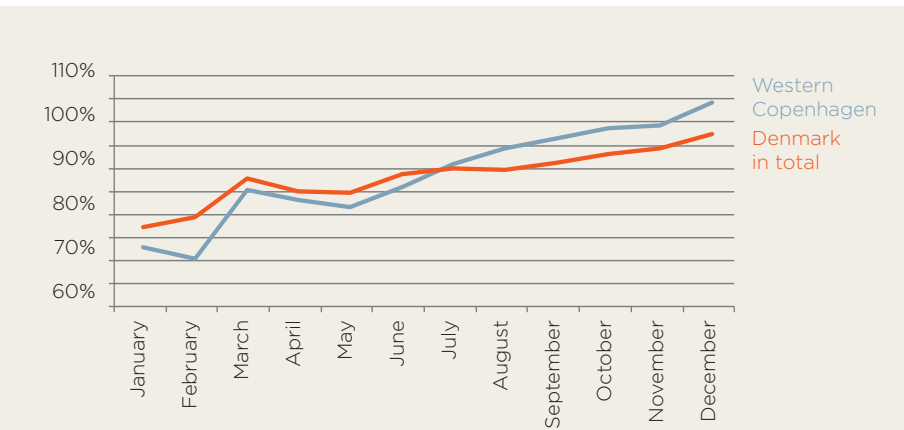


Figure 2. Realisation of targets set for Western Copenhagen Police, 2010

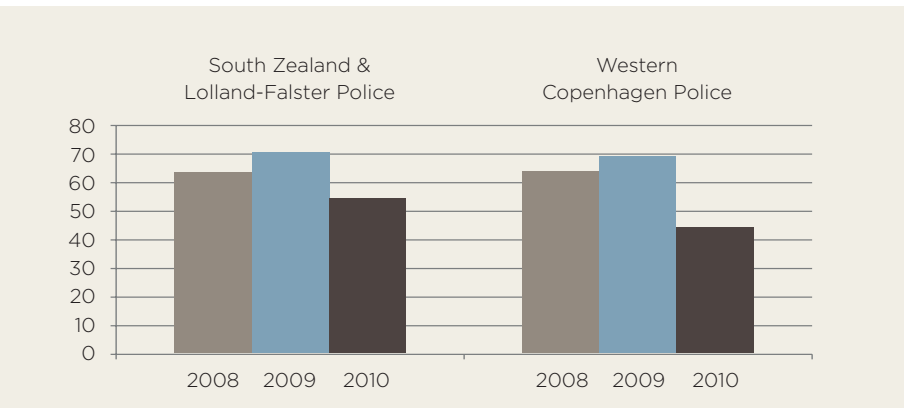


Figure 3. Average number of days from preliminary charge to indictment in assault cases

A focused effort with strong management involvement pays off

The effect generated by the Lean project in the local prosecution service in South Zealand and Lolland-Falster Police is evident in the district’s case production (figure 1). The focused effort was initiated in January 2009 and was completed in April that same year. In June 2009, the district’s backlog of cases was eliminated. As a result, the district’s production rose well above the national average. Thus, among the 12 prosecution services, it positioned itself as Denmark’s best police district in terms of realising targets set – merely 4 months after the completion of the focused Lean effort.

A similar story can be told about the Western Copenhagen Police. In November 2009, a focused Lean effort was initiated as the district was positioned in the lowest end of the scale in terms of realising targets set. Eight months after the initiation of the project, the Western Copenhagen Police rose above the national average and currently ranks second best in terms of realising targets set (see figure 2) – only surpassed by the South Zealand and Lolland-Falster Police.

As a result of the effort, both districts have reduced their lead times considerably on assault cases (see figure 3).

Contact

For further information please contact Jørgen Kjærgaard (jkj@implement.dk, +45 2338 0087) or Anders Bogason (abo@implement.dk, +45 2338 0028)

Service Operations – bibliography

This somewhat untraditional bibliography is intended for those who would like to dig deeper into a specific area within the Service Operations literature. To create an overview, the structure of the bibliography reflects the Service Delivery System, i.e. literature focusing on customers and outside-in design of service experiences is found to the left on this page, literature focusing on production of services in front office environments is found in the middle, and literature focusing on optimisation of back office functions is found to the right.

Service design (Service Design) **Søren Bechmann, 2010**

The Danish book *Service design* contains a very useful introduction to the concepts of service and service design. The author at the same time creates an overview of the methods and provides short introductions to a number of central tools such as Personas, Shadowing and Service Blueprint. This is supplemented with real-life examples, quotations and interviews as well as a number of cases, which makes the book highly practice-oriented. One of its most important strengths is that, throughout the book, you perceive the author's dedication to the subject.

Service Operations Management **Johnston & Clark, 2008**

This book provides an excellent overview of Service Operations – and even includes a very solid theoretical foundation. In a practical and uncomplicated manner, the book describes a wide range of areas such as strategy, performance management, optimisation theory, mapping of customer experiences and a lot more. In addition, the book contains some important angles on the service concept, in particular the discussion of the customer experience as a central element in connection with the delivery of service. If you are fond of educational textbooks and a service freak, this book is definitely a must.

Getting the Right Things Done **Pascal Dennis, 2006**

The book is concerned with strategy roll-out (Policy Deployment) and is written in the form of a novel in a somewhat "subacid" tone where the author describes a company's journey through a turnaround. During the journey, practice-related examples are introduced of a number of classic tools. The book is absolutely recommendable reading if you are about to launch a Lean strategy roll-out or just want to use some of the tools, e.g. A3, annual PDCA cycle or problem analysis.

Service Management **Richard Normann, 1984**

The first book in a row of service management books which, from a Swedish point of view, describes service as a total constructed package. This approach emphasises Normann's systemic thinking concerning service and the service delivery. Normann is the first to work with the "moment of truth" and the customer's role as a "co-producer" of the service delivery, which can be seen as a forerunner of the concept of "touchpoint" of the more recent service design school. Normann, furthermore, stresses the significance of management and the manager's role in creating good and or poor quality circles. These circles are dealt with at three levels: the macro circle (the market-directed circle), the internal service circle (circle illustrating the norm for "good service") and the micro circle (the moment of truth). The book is a classic for everyone who wants a basic understanding of the service concept and of the foundation for other service schools, both within service design and marketing.

Lean in Service & Administration **Tapping & Shuker, 2005**

The Danish translation by the Confederation of Danish Industry (DI) provides an easily accessible overview of Lean value stream mapping and optimisation of processes in general. It is remarkable how Tapping & Shuker are capable of providing an overview while at the same time dealing in-depth with several of the classic optimisation tools such as 5S, Heijunka planning shelves and standards. The book is especially recommendable for those who want to get off to a good start with Lean process optimisation.

Gemba Kaizen **Masaaki Imai, 1997**

Gemba Kaizen provides an introduction to the foundation of and the central mechanisms behind optimisation of operations. In the book, you will find some of the best and most accessible descriptions of e.g. standards, 5S, visual management and Kaizen. Furthermore, in particular the first half of the book contains a number of management aspects and important systemic correlations within optimisation of operations. The Gemba management five-step model is an example of how, as a manager, to create effective group-based double loop learning based on performance management and standards. If you can cope with the rather old-fashioned production-like jargon, Gemba Kaizen is a central work within optimisation of operations.

Implement Consulting Group is a Scandinavian consulting company with more than 250 employees in Copenhagen, Stockholm and Bergen.

We help private and public sector companies implement strategic change with impact.

Denmark

Slotsmarken 16
DK-2970 Hørsholm
Tel. +45 4586 7900

www.implement.dk

Sweden

Tegnégatan 35
SE-111 61 Stockholm
Tel. +46 8 723 13 12

Norway

Solheimsgaten 9
NO-5058 Bergen
Tel. +47 9248 5736

IMPLEMENT
CONSULTING GROUP