

The dream of every service company:

30% more capacity and excellent speed & reliability with the same resources

By: Hans Steenpoorte & Michel Stijlen, TOC Resultants BV

Your service company has more capacity than you think. Unclear task divisions and priorities cause this capacity to be lost. This leads to lower productivity, lower speed and reliability and lower customer and employee satisfaction. Using a workflow solution, tasks and transfer points between resources will be managed effectively. On top, services will be planned in time and their tasks will be prioritized using Buffer Management. This leads to >95% reliability. Smart reports will help you identify possible capacity and synchronization constraints allowing you to increase output by 30% whilst even further reducing supply lead times.

The industrialization of services

With the large scale transfer of manufacturing to Asia, more and more Western countries are becoming service economies. And despite the fact that services are predominantly produced by humans, we see a large scale industrialization of services, both in for-profit as well as not-for-profit organizations. Demanding clients, fierce competition and large scale automation have led to a widespread standardization of services. Services are laid down in product catalogues and your performance as a service provider is increasingly being governed and monitored by Service Level Agreements.

This 'industrialization' of services has many benefits. Services that before were being produced by one person, are now cut down into separate tasks that are being performed by professionals. This has pushed efficiency and quality to levels unknown in crafts or project-like environments. On top, this specialization allows

service companies to focus on activities that add maximum value to their customers and use the talents of their employees best.

“Specialization and cooperation not only generate benefits; they also brought about significant drawbacks”

Benefits and drawbacks

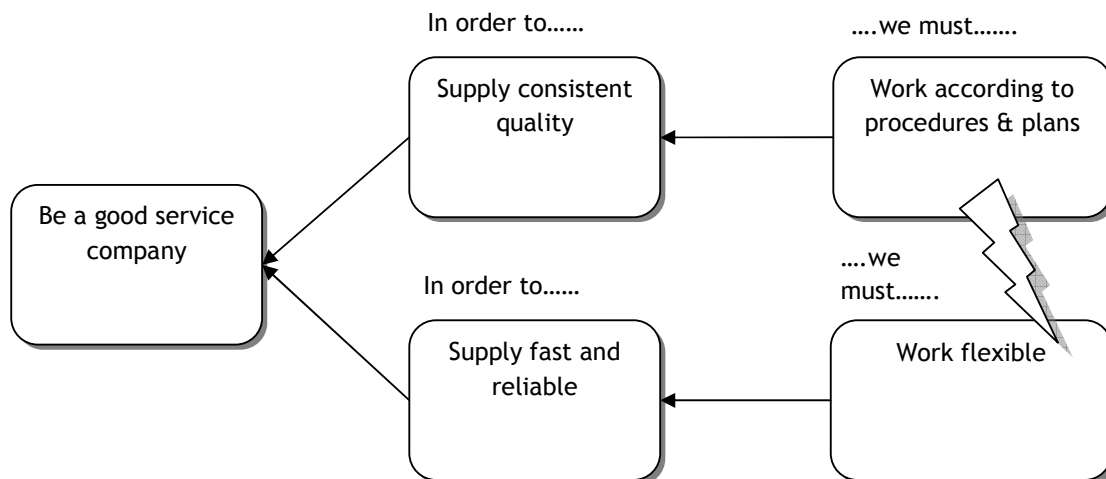
So, nothing but benefits? No, unfortunately specialization and cooperation have brought about a fair amount of drawbacks. Many service companies will recognize the following problems:

- Resources do not supply each other with the proper information in time
- Reliability of supply is too low
- Supply lead times are too long
- The amount of unfinished services (Work in Process, WIP) is too high
- There is a lot of expediting
- Work planning and priorities change all the time



The result: Lots of coordination, rework and stress. Or worse; customers are increasingly dissatisfied with poor delivery performance. Pressure on management increases and employee satisfaction goes down. All this, while you were planning to produce more services with the same, well motivated work force!

Quality vs. timeliness



Feel free to discuss this dilemma with your employees and they will inform you that this dilemma is a *fact of life* for them. Time and again they are forced to make decisions, like the following:

Nowadays, especially service companies are struggling with these problems. But production companies are already intimately familiar with them for a century! How come, a solution for such an apparently widespread problem hasn't been invented and implemented a long time ago?

Unfortunately, the cause of these operational problems isn't unitary. Producers of physical products and services alike are struggling with the same dilemma: In order to produce services of good and consistent quality, they must work according to agreed procedures and plans. At the same time, in order to supply services fast and reliable they must, from time to time, break the rules and work very flexible. A seemingly unsolvable dilemma:

- Do I start with incorrect or incomplete data, or wait until the data is correct?
- Do I stick to company procedures, or break the rules for this specific customer or executive?

- Do I supply the service when ready or when promised?
- Do I stick to agreed priorities, or give in to pressure to expedite?

“A good service company must supply both good quality and in time. You don’t have a choice”

The best supplier

To make matters worse: You don’t have a choice. Nowadays, in order to be a good service company, you must supply services of consistently high quality fast and reliable. In order to maintain quality you stick to procedures and plans. At the same time, or maybe because of this, you are suffering from slow and unreliable delivery performance. How can this be?

Experienced service providers give two explanations why service quality and speed of delivery appear to be mutually exclusive:

1. Working according to procedures and plans prolongs supply lead times in an unacceptable way, and
2. Working according to procedures and plans consumes too much capacity of the resources producing the service.

Let’s examine both explanations and see whether we can solve this seemingly impossible dilemma.

Touch time vs. lead time

Just like in manufacturing, modern service companies break down the work in many tasks that are being executed by increasingly specialized resources in a certain sequence. Looking at this chain of tasks, we see -without exception- that the total time it takes to execute all tasks is signifi-

cantly lower than the total lead time to supply the finished service. To drive the point home more clearly: Almost all services have a total touch time (the cumulative processing time) which is less than 10% of the total lead time!

“Almost all service companies spend less than 10% of the supply lead time, actually producing the service”

Let me ask you: When the total touch time is so low compared to the supply lead time, what is happening to these services the rest of the time? The answer is simple: Nothing at all! They are waiting to be worked upon. The sobering reality is that the services that your customers need right now, are probably waiting to be processed somewhere on someone’s desk or in his inbox.



This phenomenon, which is well known in industry for decades, is not your employees’ fault. It is the logical and unavoidable consequence of task specialization and cooperation that lead to higher efficiencies and quality in the first place.

Sobering as it may be, this insight is also the basis of the solution of your dilemma as a service company. Why? If the total touch time for producing a service is only a fraction of your supply lead time, stick-

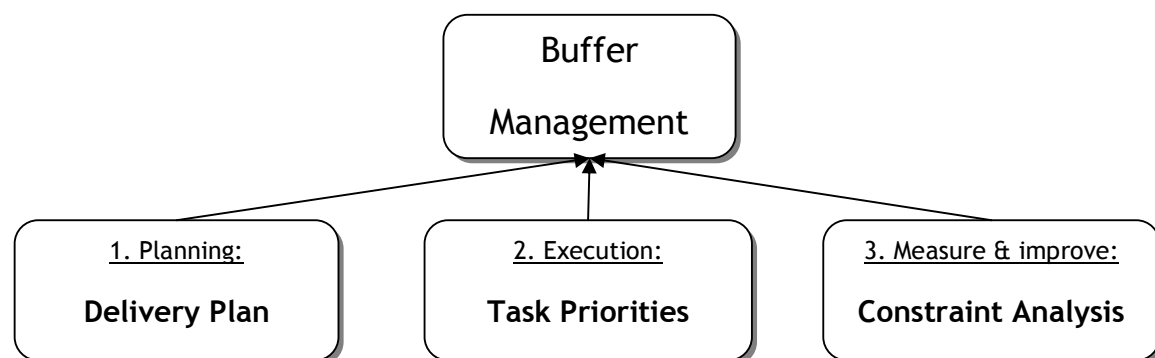
ing to agreed procedures and plans cannot possibly lead to a prolongation of your supply lead times. Indeed, by synchronizing tasks in a clever way, you could even significantly *reduce* the supply lead times of your services! A lead time reduction by a factor of 2 to 4 is not impossible, or even uncommon. And this, clever synchronization, is exactly what Buffer Management does.

“When synchronizing tasks in a clever way, you can deliver services much faster than today. This is exactly what buffer management does”

Buffer Management

Buffer Management for service companies is a business solution of TOC Resultants. This methodology allows you to produce more high quality services: Faster and more reliable, with your existing resources.

Buffer Management consists of 3 solution elements: Everything you need to manage and improve your service company effectively.



1. Planning: Companies that do not have full control over their delivery performance often resort to “*new, improved and more detailed planning solutions*”. The problem with detailed plans is that - once made- they are extremely inflexible. You cannot easily react to unforeseen activities or the simple fact that task times differ significantly per employee and over time. Services are still a people’s business, right?

The consequence is that these ‘advanced’ plans have to be re-planned frequently, until a point comes where you or your people do away with them altogether and go back to the old way of managing opera-

tions: Frequent management intervention, better known as expediting.

Because of this simple reality, within Buffer Management tasks are *not planned at all*. The only thing you plan is the promised date or even time of delivery of your service in your **Delivery Plan**. Based on this plan, and a simple matrix detailing which resources can execute which tasks, Buffer Management determines continuously who should work on which task *now*: **Task Priorities**. Working based on these priorities turns your company into a very reliable service provider: You deliver what and when you promise.

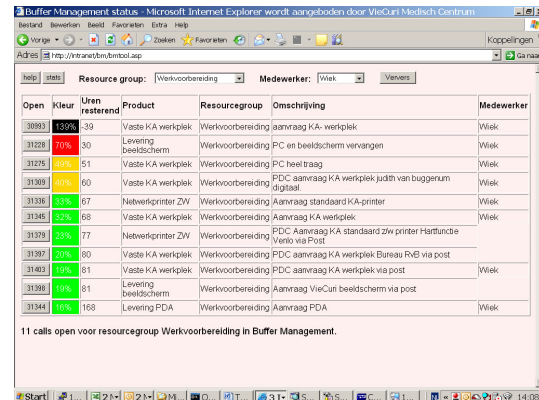
2. Execution: Your employees often have tens of tasks lying on their desks or sitting in their inboxes. How do they set the right priorities between all these tasks? The answer is simple: They don't because they can't! It may sound strange, but there is no generally accepted mechanism to help employees set the proper priorities so that the services they are producing with their colleagues will flow smoothly through your company.

“There is no generally accepted mechanism to help employees set proper priorities so that the services will flow smoothly through your company”

Buffer Management solves exactly this problem with a solution that has widely proven itself in industry and that TOC Resultants have adjusted for use in service companies: **Task Priorities**. How does it work? In the Delivery Plan we have registered the exact delivery date and -if relevant- time. By now, you know that this supply lead time consists mostly of waiting time. This waiting time is called “the buffer”, because it actually protects your promise to your customers against unexpected developments. Buffer Management continuously calculates the priorities of all outstanding tasks based on how much buffer is consumed already. The more the buffer is consumed, the higher the chance that you may break your delivery promise and therefore Buffer Management will automatically give higher priority to the relevant task(s). This way, **Task Priorities** continues to generate a seamless synchronization of tasks, turning your company into a fast and reliable service provider.

In Buffer Management all outstanding tasks, and per resource group are being

shown using a simple color coding system (black, red, yellow and green) clearly indicating the level of urgency of all tasks:



Open	Kleur	Uren resterend	Product	Resourcegroep	Omschrijving	Medewerker
30993	Black	39	Vaste KA werkplek	Werkvoorbereiding	Aanraag KA- werkplek	Wiek
31220	Red	30	Levering beeldscherm	Werkvoorbereiding	PC en beeldscherm vervangen	Wiek
31276	Yellow	51	Vaste KA werkplek	Werkvoorbereiding	PC heel draag	Wiek
31308	Yellow	60	Vaste KA werkplek	Werkvoorbereiding	PDC aanraag KA werkplek juist van buggerum digitaal	Wiek
31338	Green	67	Netwerprinter ZW	Werkvoorbereiding	Aanraag standaard KA-printer	Wiek
31348	Green	68	Vaste KA werkplek	Werkvoorbereiding	Aanraag KA werkplek	Wiek
31378	Green	77	Netwerprinter ZW	Werkvoorbereiding	PDC Aanraag KA standaard zw printer Hartlunde Venlo via Post	
31387	Green	80	Vaste KA werkplek	Werkvoorbereiding	PDC aanraag KA werkplek Bureau RMB via post	
31403	Green	81	Vaste KA werkplek	Werkvoorbereiding	PDC aanraag KA werkplek via post	Wiek
31380	Green	81	Levering beeldscherm	Werkvoorbereiding	Aanraag VieCur beeldscherm via post	
31341	Green	168	Levering PDA	Werkvoorbereiding	Aanraag PDA	Wiek

11 calls open voor resourcegroep Werkvoorbereiding in Buffer Management.

Task Priorities come with a set of simple yet important working rules that apply to everybody, irrespective of department or management level. They stimulate everybody to select the proper tasks and to execute them as fast as possible, within tight quality boundaries. Implementing these new working rules is an integral part of any successful Buffer Management implementation.

3. Measure & improve: One of the most important tasks of a manager is to detect and adjust to, ever changing circumstances. Using actual data from your processes, Buffer Management provides management with all necessary information to become and remain a fast and reliable service provider. **Constraint analysis** gives you real insight into the actual workload on your resources now and over time: Is a resource group really structurally constraining your company and if so, which one? On top, **Constraint Analysis** informs you which services have too long or too short buffers. But most importantly, **Constraint Analysis** provides you with fact-based information about synchronization



problems that cause most delays between the resource groups in your company. These statistics fuel a process of continuous improvement that will raise your reliability and help you identify and exploit pockets of capacity in your company, whose existence you were not aware of before. When applied properly, **Constraint Analysis** can help management increase output by 30% without adding personnel and without compromising quality, reliability or employee satisfaction.

“Buffer Management hardly affects the content of the tasks of your employees, but has a big impact on the way they cooperate”

How to implement Buffer Management?

Buffer Management hardly affects the content of the tasks your employees execute, but has a big impact on the way

they -and you- cooperate. The foundation below any successful Buffer Management implementation is the realization of all people involved that only through continuous synchronization of tasks and collective resolution of synchronization problems will your company become a remarkably fast and reliable service provider.

On this basis, we draw up a service catalogue including guaranteed supply lead times (“the buffers”) per service. For each service, the probable routing is identified and the deliverables at the transfer points are clearly defined. We find that listing task content is often a waste of time, since most synchronization problems are generated at transfer points *between*, rather than *within* resource groups. Finally we fill a simple matrix listing which resources can execute which tasks, and this completes the preparation of the Buffer Management implementation.

Step	Implementation	Result	Lead time
1. Process establishment	<ul style="list-style-type: none"> • Workshop with all involved • Draw up service catalogue and list deliverables per transfer point • Draw up resource matrix 	<ul style="list-style-type: none"> • Buy-in on problem, solution and implementation • Clarity on scope and responsibilities • Controlled quality of services 	3 months
2. Buffer Management	<ul style="list-style-type: none"> • Delivery Plan • Task Priorities & New Working Rules • Constraint Analysis 	<ul style="list-style-type: none"> • >95% delivery reliability • Up to 50% shorter supply lead times • Up to 30% extra capacity 	6 months

During the process establishment phase, buy-in is created for the new way of coo-

perating towards the common goal. Collectively your people draw up the cata-

logue and discuss and agree on sensible transfer criteria between themselves and your customer. This by itself already generates breakthrough insights and reduces friction significantly.

During the Buffer Management implementation, significant -previously hidden- capacity is revealed because much less time is wasted at the transfer points. On top, simple reports and performance indicators stimulate people to prioritize tasks correctly and to eliminate their inventory of tasks as fast as possible. Furthermore, Constraint Analysis allows you to identify capacity and synchronization problems and to eliminate them 1 by 1, making your company more and more responsive to the challenges of a modern service company.



Buffer Management for you?

Despite its wide and successful implementation in industry, the application of Buffer Management to service companies is relatively new. Is Buffer Management *the* solution for your service company? Only you can judge: Do you supply more or less predefined services and do you and your people recognize one or more of the following problems.....

- Resources do not supply each other with the proper information in time

- Reliability of supply is too low
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Maybe your customer and employee satisfaction is lower than desirable. Maybe you want to produce more services with your current and experienced resources. Do you understand the competitive edge that you will have when your company is remarkably fast and reliable as a service provider? Then, chances are that Buffer Management is *the* solution for your company.

To learn more about Buffer Management, please check our website (www.toc-resultants.com) or contact us at info@toc-resultants.com.

“At TOC Resultants, we don’t deliver reports, we deliver results”

TOC Resultants

Based in the Netherlands, TOC Resultants is a service provider that implements TOC-based solutions in service companies that result in increased output as well as superior supply performance. At TOC Resultants, we don’t deliver reports, we deliver results.