How to Implement Process Improvements for Your Small Business

Every company requires processes to conduct business. The better you can execute, the more effective your organization becomes. Raise your company’s effectiveness by implementing process improvement.

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Processes are a part of every company’s operations. How well an organization implements and executes these processes affects the company’s effectiveness. Operational performance impacts all parts of the business, from controlling costs to delivery of a product or service to clients.

In turn, it also influences the customer experience, and can either lead to repeat business or customers posting on social media about a terrible ordeal.

To improve the former and avoid the latter, your business requires an efficient, systematic approach that minimizes errors, reduces costs, and achieves a benchmark standard of productivity and quality.

Although that’s the goal when setting up a process, the first time is not always going to be successful. On top of that, over time, a process needs to be reassessed to validate it’s still achieving the required objectives. That’s when the concept of process improvement comes into play.

Overview: What is process improvement?

When a company encounters operational challenges, complaints from customers, or simply wants to optimize existing workflows, it’s time to implement process improvements. So what does the term mean exactly?
Process improvement is about identifying an area of the organization where existing business processes are lacking in some capacity. This could be defined in terms of product or service quality, meeting key business metrics like a quota, or customer satisfaction.

Once the problem area is identified, then it’s about implementing changes that optimize the existing processes to meet or exceed the required standards.

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**What are some common process improvement methodologies?**

Process improvement is so important to business success that a number of methodologies have developed over time to address this key concept. Here are some of the most common process improvement models.

1. **Six Sigma**

   One of the most famous process improvement frameworks is Six Sigma. It’s a set of techniques designed to improve quality by eliminating defects or errors from a given workflow. Six Sigma strategies are applied continuously to a process until variations are eradicated and the process produces consistent and predictable results.

   This methodology is known for its use of karate belt colors to denote a practitioner’s level of understanding of the framework with white belts representing novices and black belts indicating Six Sigma experts.

2. **Kaizen**

   A process improvement methodology born in Japan, kaizen espouses the idea that business improvement is continuous and never ending. It aims to eliminate all waste from process flows to achieve a high level of efficiency and productivity.

   Kaizen is known for its team approach where everyone in the organization shares ideas and works together to keep improving every area of a business. If mistakes occur, the goal is to learn from them as part of the cycle of continuous improvement.
3. PDCA

Plan-do-check-act (PDCA) outlines a four-step scientific approach spelled out in its name. You begin by identifying the areas requiring improvement. Next, you implement changes then collect data to analyze if the changes had the desired impact. Finally, you take action based on your data analysis.

4. BPR

Business process re-engineering (BPR) is a framework that tackles process improvement at scale. Rather than address a small component of an overall workflow, BPR attempts to address issues and eliminate unnecessary steps by holistically redesigning an entire process from end to end.

The changes can be so substantial that a change management plan typically accompanies the use of BPR.

5. Gap analysis

One flexible framework to employ when a process is failing, or to elevate your business to the next level, is a gap analysis. This approach involves an examination of where your business is at today, where you want it to be, and how you can close this gap.

It's not limited to operational improvements either. You can implement this methodology to confront gaps in product features against the competition, to improve profitability, and even to address manpower shortages.

6. Process mapping

A useful approach that applies careful analysis and a visualization tool to address process issues — or to create a new workflow from scratch — is process mapping. In this method, you create a document that details the steps in a procedure, usually captured in a flowchart.

The document allows you to see the entire process and identify areas to change. It then serves as a reference tool for subsequent process changes, or for writing a runbook.
This example of a process map documents the workflow for obtaining required approvals in an organization. Source: Paul Kerr

Process improvement best practices for your business

As part of improving processes in your organization, look to incorporate the following best practices into your plan.

1. Set quantifiable goals

Even before process improvement steps can be taken, you first must define a quantifiable goal or set of deliverables you’re aiming for. So once you’ve identified an area of the business requiring change, determine a set of metrics that can be used to measure if changes are working, and to know when you’ve reached your objective.
For instance, if the accounting department is slow to handle invoices, it can delay a company's ability to obtain payment. In this case, setting a goal of completing the invoicing process within 48 hours is an example of a measurable objective to achieve as part of a process improvement plan.

### 2. Prioritize the customer

Incorporate and prioritize the needs of your customers as part of any process improvement project. From deciding which procedure to improve first to the solution itself, consider the impact to your customers.

Any process creating pain for your customers must be addressed first. When outlining a solution, think about how the changes will improve the customer experience. To identify these factors, perform customer interviews, and dig into your company's customer data such as analyzing how often clients perform subsequent purchases and customer churn rate.

When examining customer data, it's ideal to extract this information from your CRM software. A CRM captures every detail of a customer’s interactions with your company, making it easy to analyze the process improvements that will make the biggest impact to your clients.

### 3. Incorporate technology

Many manual procedures can be streamlined by introducing technology. In addition, technology can reduce costs while improving quality.

Today, businesses enjoy a wide array of technical solutions capable of addressing virtually any process improvement need. From project management software to streamline oversight of a project to employing a CRM for business development, many tools exist that can transform cumbersome steps by introducing automated workflows, eliminating human errors, and reducing the amount of time required to complete work.

Keep in mind that replacing a manual process with technology is not necessarily an improvement. Perhaps those manual pieces can be eliminated completely as part of a process improvement project. So although injecting technology into your operations will provide benefits, it should deliver substantial gains to make the investment in time and money worthwhile.
Process improvement steps

Given how process improvements deliver a range of organizational benefits from better communication to increased profitability, it’s essential to know how to implement a process improvement plan. Here are the steps to do so.

Step 1: Identify the improvement opportunity

Before you can dive into process improvement planning, as mentioned in the best practices, you must establish a quantifiable goal first, such as when Amazon wanted one-day shipping of its products to customers. Once this objective is defined, it’s time to examine the existing workflows related to that goal achievement.

The purpose of this step is to understand the current processes and at what points do they fail to add value to achieving the overarching objectives. When Amazon wanted to accelerate product delivery times, it had to examine existing operations to identify where improvement opportunities existed, such as strategic placement of warehouses to take advantage of where its airplanes were located.

Tips for identifying improvement opportunities:

It’s not always easy to spot the places where improvement can occur, especially if you’re deeply familiar with an existing process so that the steps seem like second nature to you. Apply the following suggestions to help.

- **Find the pain points:** To discover where improvement is needed, look for signs where the current process is failing. Identify the location of bottlenecks and where multiple steps are required to complete just a portion of a procedure. A clear sign of a process pain point is at the stage where customers or employees are becoming frustrated with the workflow. Find the areas where work needs to be regularly redone, or it’s being repeated by different people. This duplication of effort is a waste of time and resources, so you’ll want to find a way to eliminate it.

- **Map the processes:** Catching the points where a process is failing becomes much easier if you can see a visual representation of it. Here, a process map detailing the entire workflow from start to finish helps flag the issues. It also serves as a reference document to use with others in the organization as solutions are worked through.
Step 2: Obtain stakeholder buy-in

People are at the heart of nearly every process. Those involved in executing a procedure should be brought in to help improve it. This communicates what’s happening and getting their buy-in at the same time.

In addition, any other stakeholders in the organization should be informed of the process improvement efforts, and their support should be obtained as well. This avoids any potential conflict down the road.

Don’t forget to loop in customers, too. If it’s an externally-facing process change, customers must be informed in advance of the change to avoid confusion and a poor user experience when the change arrives.

Tips for obtaining stakeholder buy-in:

Getting people within your organization to support process improvements can be a challenge. Here are tips to overcome this hurdle.

• **Explain the rationale:** People are naturally resistant to change, even if it’s for the better. That’s why you must explain the reasons behind the process improvements to obtain buy-in. Moreover, by detailing how the changes will deliver value, such as a better customer experience, stakeholders become motivated to help you.

• **Clarify roles:** Stakeholders hold varying degrees of involvement in process changes. As a result, ensure every stakeholder is clear on their role in the business process improvement plan. For example, some people may be directly involved in executing process changes while others are indirectly affected by it, and hence, do not take an active role in the implementation. So for those directly involved, they must carve out time to help transition to new processes.

Step 3: Design the process improvement plan

Outlining the process improvements takes place at this stage. Bring together the information gathered in the first step with the stakeholders identified in the second step as taking an active role in the process to form a plan.

Determining the changes required to improve a process isn’t the only component in the plan. You and your team must also decide how you will measure the effectiveness of the
changes, evaluate any risks, and identify how the changes will affect the customer experience.

Once all of these elements have been vetted and a course of action determined, any previous process mapping can be revised to lay out the new process, and used as a tool to create training materials.

**Tips for designing the process improvement plan:**

Keep these tips in mind when outlining the changes required to improve a process.

- **Standardize the process:** Ensure your plan objective is to develop a standardized process. A new procedure must create uniformity. Doing so improves both productivity and quality as well as making sure predictable outcomes are achieved. Here, introducing a technical solution to streamline the workflow helps, particularly if the solution automates many of the process steps.

- **Create a project plan:** Transforming processes impacts an organization to varying degrees depending on the extent of the changes. If the process improvement is larger than small adjustments affecting a single team, you may need to perform project planning and build out a full project plan incorporating the five project management process groups. This includes identifying budgets to cover costs like training and any additional resource requirements needed to execute the changes.

**Step 4: Test the changes**

It’s time to evaluate how the new procedure unfolds in real life. Because modifying a process can cause delays or increase costs in the short term while staff get up to speed with the changes, it’s best to test the process improvements with a handful of participants before rolling it out to an entire team or across the organization.

Typically, the stakeholders who were actively involved in creating a new procedure would also be the ones testing the changes. Once the tests are completed and results prove the new procedure resolves issues and creates meaningful, measurable improvement, the new process can be implemented across the organization. Depending on the extent of the changes, project integration management may be necessary.
**Tips for testing the changes:**

When it comes to the test phase, follow these suggestions to bring a process change to the point where it’s ready for a full rollout.

- **Take time testing:** Be sure your testing is thorough. It should include all common scenarios for the given workflow. Also, use a large enough sample size of test cases to catch issues with the new process. It’s not enough to test a scenario once, so be prepared to run through the changes multiple times to ensure you’re seeing consistent results every time.

- **Compile feedback:** Collect feedback throughout the testing phase to determine where further improvements can be made. It’s rare to create a flawless new process, so this feedback allows adjustments to happen quickly so that the new process can be fine tuned and ready to roll out to the broader team or to customers.

**Step 5: Monitor and optimize**

Even after thorough testing, process improvements require daily monitoring in the early weeks of a rollout to catch any issues that may have been missed during the test phase. Also, it’s an opportunity to see how the new changes can be further enhanced.

The monitoring should compare the results of the improved process against the goals identified at the start of the project. You should also use the outcomes derived under the old procedure as a sounding board to validate the changes are truly an improvement.

As part of the monitoring phase, look for ways to further improve the updated workflow. This optimization means circling back through the process improvement exercise, but additional enhancement opportunities should be fewer than the first round of changes, allowing subsequent iterations to move quickly. Repeat this cycle of continuous optimization until you’ve met or exceeded all benchmarks for the process.

**Tips for monitoring and optimizing:**

Once the process improvements are rolled out, your work is not done. Check out these tips to get the most out of the monitoring and optimization phase.

- **Collect more feedback:** Continue to collect feedback from stakeholders, especially now that the process changes are live across the organization. You’ll have a broader group of participants to more comprehensively assess how the revised process is
working. In addition, be sure to use data analysis in your monitoring and optimization efforts so you can not only review measurable outcomes but also share these results with stakeholders.

• **Keep improving:** Even after you’ve achieved all objectives for the new process, consider how you can continue to drive your company's operational excellence further. Like Amazon’s push from two-day delivery to one, look through the lens of the customer experience to identify how you can do more. Here, gap analysis provides an ideal framework for evolving your operations.

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### Final advice about process improvements

Once you improve processes, the reality is that they must be revisited again in the future. Business goals, market forces, and new technologies evolve, making established procedures inefficient or obsolete.

Rather than execute a big project whenever a change is required, adopt an approach of small, iterative improvements that happen routinely over time. This continuous improvement cycle is an approach most organizations naturally perform such as when team members make minor procedural adjustments to increase efficiency.

The difference is that you’re implementing a framework that makes process improvement a conscious part of the company’s DNA. That’s when you’re able to deliver operational excellence that keeps evolving to stay ahead of competitors and deliver a superior experience to your customers.

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*John Mackey, CEO of Whole Foods Market, an Amazon subsidiary, is a member of The Motley Fool’s board of directors. Robert Izquierdo has no position in any of the stocks mentioned. The Motley Fool owns shares of and recommends Amazon and recommends the following options: long January 2022 $1920 calls on Amazon and short January 2022 $1940 calls on Amazon. The Motley Fool has a [disclosure policy](https://www.fool.com/disclosure-policy).*