

## OPTIMIZATION OF ORGANISATION PERFORMANCE

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**Abstract:** Performance behavior means that a measurable connection is made between result and the behavior that is required to achieve that result. It specifies and measures the behavior that is needed to achieve the desired result. To improve organization performance, we should minimize eight types of people waste. These human wastes which obstructs continuous improvement. To minimize these wastes and optimize performance behavior, Webers gives a few tips. The eight sources of waste reduce the value customers receive from a business processes. Addressing sources of waste, along with other Lean methodologies, helped the organisation to identify ways to reduce human wastes.

**Key Words:** Human Waste, Behavioral Indicators, Key Performance Indicators, Lean Concepts, PCSS PDCA Loop.

### 1. INTRODUCTION:

Waste makes organizations less able to achieve their goals. It uses limited resources in ways that do not contribute to the organization's overall objectives. Performance behavior plays a major role in organizations success. Performance behavior means that a measurable connection is made between result and the behavior that is required to achieve that result. It specifies and measures the behavior that is needed to achieve the desired result. To improve organization performance, we should minimize eight types of people waste. These human wastes which obstructs continuous improvement. To minimize these wastes and optimize performance behavior, Webers gives a few tips: It should be clear for all employees 1. What the target is 2. One should define what behavior leads to the desired performance and 3. That defined behavior should be measured and anticipated on. This article indicates 8 forms of human waste and how to improve organisation performance.

### 2. HUMAN WASTE:

- **Leadership-waste** is the result from too much *push-management*. In a Lean company, a manager pulls knowledge from his employees by giving direction and encouragement, but he leaves the creative part of the problem solving with his team members. The team members can then use their experience and creativity to find solutions and share them with the manager. Here are 8 of the most common leadership waste.
  - Being distracted.
  - Second-guessing their decisions.
  - Paying attention to naysayers.
  - Having a closed mind.
  - Trying to please everyone.
  - Worrying about mistakes.
  - Being disorganized.
  - Refusing to delegate.

- **Comfort-waste** exists when targets aren't stretching. In a working environment, people in general are not really motivated to improve anything unless they are asked to. Setting measurable targets helps to visualize this task and challenges the people to upgrade their performance.
- **Communication-waste** is the result of misunderstandings which usually find their origin in meetings. A clear breakdown of KPI (Key Performance Indicator) to set targets and the use of Communication cells will structure meetings and therefore reduce this type of waste.
- **Discipline-waste** exists when people are not held accountable for the made agreements, which could range from showing up at the meeting on time or following a 'Standard Operating Procedure'. A way to minimize this waste is to implement Kamishibai, a mini-audit system, in which every standard can be continuously checked and challenged.
- **Goal-waste** originates when employees have no idea of what is expected of them. A clear link between company KPI und Team KPI (Or Behavioral Indicators [BI]) should be made.
- **Engagement-waste** is the result of asking people to take responsibility for events or results which they cannot influence themselves.
- **Solving-waste** is the waste of capacity to solve problems when people work on solving problems without focusing on the root-cause of a problem. When the root-cause is not addressed in the problem solving process, the problem will possibly reoccur in the future and require capacity for a second time. A tool to use to prevent this type of waste is the POOS-PDCA.
- **Tuning-waste** is the waste where people talk about different problems or solutions and comes from the mismatch between Performance, performance management and improvement activities. This waste can also be reduced by using Communication Cells.

### 3. IMPROVING PERFORMANCE:

**STRETCHING TARGET** is a target which challenges the employee to increase his performance without reducing comfort level. This means the target should not be too difficult to achieve (which would lead to panic) and not too easy (which would lead to boredom). A challenging target should be met **50% of the time** so the employee knows he can reach the target. This will result in the employee striving to increase the success rate. When the target is reached almost every time, the employees are not challenged to improve anymore, since they meet their goals. The target should than be increased.

There are three levels of targets: Monitoring level, Steering level and on Behavioral level. The **BEHAVIORAL INDICATORS (BI)** are the solution to the question which tasks an employee should complete to control processes. Because an employee can **influence his own behavior**, engagement waste can be minimized by using this kind of indicators. Behavioral indicators should be defined on a short interval as possible, for instance hourly. The advantage for short interval indicators is that employees have the chance to respond to a deviation within their own shift, rather than the problem showing up only at the end of his shift when daily indicators are used when it is too late to respond.

Once one has BI, it is also important that employees get proper und timely feedback from management when problems occur. It is therefore important to design a **STEERING AND RESPONSIBILITY STRUCTURE** in which BI are clearly linked to Performance Indicators (PI) and eventually to Key Performance Indicators (KPI). A fixed moment to discuss performance of fixed BI reduces Tuning waste because everyone gets timely feedback on a structured basis. The direct link from BI's to KPI's on management level facilitate an escalation model in which problems can be solved as soon as they arise.

To solve a problem, and thereby reducing solving waste, Webers describes the **PCSS-PDCA LOOP**. This loop is an extension of the well-known PDCA loop where a structure for improvement of performance behavior is added to the Plan Do Check Act cycle. PCSS PDCA is short for the following sequence of steps:

- **Performance** deviation, when one notices a deviation from standard or fixed.
- **Cause** analysis, where a 5x Why or a Ishikawa diagram (Fish bone diagram or cause and effect diagram) is used to determine the root cause(s) of a problem
- Different **Solutions** from the analysis should be evaluated

- A **Specific** improvement goal should be defined which should clearly mention which solution is chosen to deal with the deviation of the standard, or the BI.
- A **Plan** is made, which can include a short term corrective action, but must always have a Preventative action, to prevent the deviation from occurring in the future.
- **Do**, execute actions defined in plan.
- **Check** is the actions have the predicted influence on the BI.
- **Act**, change Standard Operation procedures when successful, change plan or redo root-cause analysis when not successful.

The strength of the PCSS PDCA is the fact, the PDCA cycle is directly linked to the BI on the shop-floor. Since all BI are linked to company KPI, each improvement action based on this cycle will directly improve business performance.

The PCSS-PDCA helps to steer all problem solving and improvement actions into one single direction, in what Rother (2010) defined as the 'Target Condition'.

#### 4. LEAN METHODOLOGY:

Lean is a continuous improvement and employee engagement program, combined into one. The goal is to maximize customer value while minimizing waste for the products and services that an organization provides to their customers and stakeholders. There are 5 principles.....

- **Identify Value:** Start with the customer. They are the ones who define what product or service you offer is valuable to them. Once we know what is valuable, we can work on eliminating or reducing the activities that are non-value added.
- **Map the Value Stream:** Understand and map the entire process, from the very beginning of your process all the way to when your customer uses your products and services. This is the value stream. This map will help you see how long it takes from the time your customer requests your product or service, and when you deliver it. What you will find out is that most of the total time is waiting and delays. These delays and waits are opportunities to streamline the process. The goal is to optimize the whole system, not individual processes or tasks that can actually make the overall system inefficient. Your customer only experiences the overall value stream, and they don't care how efficient each individual process operates.
- **Create Flow:** Once you can remove the waiting and delays, you can shorten the time from request to delivery of your product or service. We accomplish this through the elimination of the 8 forms of waste, or TIM WOODS or DOWNTIME.
- **Transportation** – Moving parts, products and people unnecessary. Moving does not add value, and takes time and resources to complete.
- **Inventory** – Having more than the minimum amount of work needed to pull the work through the system. Inventory is not ideal because it is waiting to be worked on, you have already spent money or effort but it's not needed yet, and it can become outdated or have to be updated. When it is physical inventory, it can take up floor space and may require packaging, transportation and someone to manage it. These all lead to excessive costs.
- **Motion** – Movements that are straining or unnecessary, such as looking for items, having commonly used items further away from you.
- **Waiting** – When your customer, or the next process is waiting for information, parts, or help to arrive.
- **Overproduction** – Working on a task before it's actually needed by the next process or customer.
- **Over processing** – Performing unnecessary, redundant or incorrect tasks.
- **Defects** – Errors, mistakes, and variation that will require rework and could lead to extra time and costs to fix the issue.
- **Skills** – Putting people into roles in which they are overqualified, or not aligned with their passions and skills. Often times, organizations do not fully utilize the brains of their employees and volunteers, they only use their hands. You may also need to increase inventory in certain areas, in order to keep things moving.

Although inventory is a form of waste, having the right inventory in the right areas is a good short term plan to get to flow. Later on, we will work to eliminate the inventory. In many organizations today, there is inventory, but it's not planned, it just shows up where there are constraints and bottlenecks in the process. One thing to keep in mind: The goal is to move the product or service through the process, not make people productive.

- **Establish Pull:** Once you have consistent flow in the process, then you have a good idea how long the process actually takes (when the waiting and delays are reduced). Instead of pushing the work through the process, we now transition to a pull system, where each step in the process only pulls the work when it is ready. This prevents inventory from stacking up in the process, especially when there are problems. To control the work, you will need ways to limit the workload, and signal when the next step is ready for the work. If you can't complete the task soon enough (before the next step runs out of work), you may need to have some inventory in place to reduce delays)
- **Seek Perfection:** Lean tools and concepts are setup to make problems visible. If the organization is not open to dealing with and talking about problems, then it will struggle with this approach. As the lean system exposes problems every day, and the organization works to solve these problems, it will continually improve. Over time, the organization will be striving towards perfection (which cannot ever be achieved), but it will be increasing value and shortening response times with your customers, which will make your organization more successful and sustainable. The 5 lean principles model is a circle. Values can change over time, so we need to always go back to step 1 (value), to see if the customer still feels we are providing the right value, or if we need to transition to something different.
- Companies that fully embrace lean concepts and principles can experience the following benefits through rapid improvement events:
  - Inventory reduction
  - Floor space reduction and increase in capacity
  - Improved product and service flow and speed through the organization
  - Increased customer satisfaction
  - Quality/defect reduction
  - Cost avoidance (fewer capital purchases, fewer new hires, smaller problems to resolve)
  - Reduced labor costs
  - Reduced overtime costs
  - Better employee engagement
  - Improved visual management in each area (cleaner and more organized work spaces)
  - Less stress and heroics ("firefighting")
  - Better environmental performance

## 5. CONCLUSION:

The eight sources of waste reduce the value customers receive from a business processes. Addressing sources of waste, along with other Lean methodologies, helped the organisation to identify ways to reduce human wastes. Ultimately, though, Lean should be more than a one-time exercise. Management and staff should always think about the eight sources of waste and strive to eliminate them from organisation.

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