

HEW Associates Ltd  
Inspired Business Improvement

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Domestics

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**Aim**

To provide Knowledge on Standard Operating Procedures (SOP), Business Case justification, Setting targets and performance measures

**Objectives**

By the end of the session you will be able to:

- Explain the benefits of Standard Operating Procedures
- Discuss Performance measures
- Set meaningful targets
- Justify a business case

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**STANDARD PIG**

**EXERCISE**

- Purpose is to identify why we use Standardised Work.
- Take blank sheet of paper.
- Draw a pig.
- Give your pig a name.
- Await further instructions.

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Observations of our STANDARD PIG

- We've drawn our own concepts of a pig
- We've named our pigs!
- We've drawn a standard pig.
- What are some advantages of standardizing?

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**Practical Meaning of "99% Good"**

- 16,000 lost articles of mail per hour
- Unsafe drinking water almost 15 minutes each day
- 500 incorrect surgical operations per week
- 2 short or long landings at most major airports each day
- 200,000 wrong drug prescriptions each year
- No electricity for almost 7 hours each month
- 80,000,000 incorrect credit card transactions in the UK each year
- 540,000 incorrect call details recorded by telecom sales company each day
- 50 new born babies dropped at birth each day

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### Target Setting

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### Cost Benefit Activity

- A sales director is deciding whether to implement a new computer-based contact management and sales processing system. His department has only a few computers, and his salespeople are not computer literate. He is aware that a computerised sales force are able to contact more customers and give a higher quality of reliability and service to those customers. They are more able to meet commitments, and can work more efficiently with fulfilment and delivery staff.

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The costs of implementing the new system are listed below, as are the benefits. Work out if it would be a good business decision to go ahead with the investment.

**New computer equipment:**

- 10 network-ready PCs with supporting software @ £2,450 each
- 1 server @ £3,500
- 3 printers @ £1,200 each
- Cabling & Installation @ £4,600
- Sales Support Software @ £15,000

**Training costs:**

- Computer introduction – 8 people @ £400 each
- Keyboard skills – 8 people @ £400 each
- Sales Support System – 12 people @ £700 each

**Other costs:**

- Lost time: 40 man days @ £200 / day
- Lost sales through disruption: estimate: £20,000
- Lost sales through inefficiency during first months: estimate: £20,000

**Total cost: £**

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### Benefits:

- Tripling of mail shot capacity: estimate: £40,000 / year
- Ability to sustain telesales campaigns: estimate: £20,000 / year
- Improved efficiency and reliability of follow-up: estimate: £50,000 / year
- Improved customer service and retention: estimate: £30,000 / year
- Improved accuracy of customer information: estimate: £10,000 / year
- More ability to manage sales effort: £30,000 / year

**Total Benefit: £**  
**Cost Benefit Year 1: £**  
**Payback time:**

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### 7 Measures of Performance in Lean

Quality Cost Delivery (QCD) seven measures are recommended:

- Not Right First Time (number of defects per million)
- Delivery Schedule Achievement
- People Productivity (units per operator hour)
- Stock Turns
- Overall Equipment Effectiveness (OEE)
- Value Added Per Person
- Floor Space Utilisation (turnover per floor area)

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