

4 Steps to Effectively Prioritize Feedback Report OFIs

Performance
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Notes
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Jump-start your performance improvement journey by effectively identifying and addressing the most important OFIs from your Feedback Report.

How to Identify the Most Important Performance Improvement OFIs From Your Feedback Report

By John Van Gorkom

Like many business organizations, your organization has embarked on a performance improvement journey. Your organization desires to improve and enhance its operations to be more successful in your industry therefore, you have adopted the Malcolm Baldrige National Quality Award Framework and its associated Criteria for Performance Excellence (“Criteria”) as a guide.

In order to obtain feedback on how your organization could improve, your organization submitted an application to a national, international, or regional/state quality award program. After a thorough assessment of your application by trained examiners, your organization received a Feedback Report detailing your strengths and opportunities for improvement (OFIs) relative to the Criteria for Performance Excellence.

As with most Feedback Reports, your organization’s Feedback Report contains about 50-65 OFIs! Unless you are different from most organizations, you do not have the capacity to resolve all these OFIs. In addition, not all the OFIs are equally important. Some are extremely important to remedy and some are less so. How do you decide which OFIs will have the biggest impact on improving your organization? How do you decide which OFIs are the most important to resolve?

The following four Step OFI Prioritization System makes it easy to identify, evaluate, and prioritize the most important OFIs to remedy. Fixing these specific OFIs will help your organization achieve a higher level of performance.

Step 1. Identify and Review Your Core Business Processes and Strategic Direction

Step 2. List All OFIs and Segment Into Two Categories

Step 3. Prioritize “Real” and Application-Writing OFIs

Step 4. Develop, Implement, and Monitor Action Plans to Remedy the Prioritized OFIs



Step 1. Identify and Review Core Business Processes and Strategic Direction

The first step in the OFI Prioritization System is to identify your organization's key core business processes, and also review your organization's strategic direction.

Core Business Processes

Not all organization processes are equally important. A process that creates value for your customers and provides revenue to the organization is an extremely important processes. Processes that are generating value for the customer while generating revenue for the organization should be considered core business processes. OFIs that focus on the implementation of your core business processes are very important to address and remedy.

For example, banks or credit unions typically receive 80 - 85% of their revenue from lending (e.g. car loans, house loans, credit cards, etc.). Lending, therefore, is a key core business process. Approximately 10 – 15% of bank or credit union revenue is generated from checking activities, including fees. Therefore, checking is also a core business process.

It is critical to identify your organization's most important core business processes. Then you should draw a quick process map with key steps for each of your identified core business processes. Mapping a core business process helps identify the key process steps, as well as various inputs and outputs of the process, that are critical to successful operation of the core business process. In our bank example above, a simplified lending core business process map might look like that shown in Figure 1.

Figure 1. Lending Core Business Process



The key steps of the overall Lending Core Business Process:

- Customer Loan Preferences – the input to this step stems from output of loan product development;
- Customer Service Expectations – the input to this step stems from the output of the Customers Relationship Management (CRM) process, which is used determine the customer desired relationships (how the customer prefers to be treated while receiving the loan and as well as ongoing loan processing);
- Customer Acquisition - the input to this step stems from output of the marketing process for acquiring loan-seeking customers;

Eliminating OFIs related to your core business process should be an extremely high priority for your organization. Remediating OFIs related to achieving the desired strategic direction and strategic outcomes should also be a high priority for most organizations.

- Lending Step - the input to this step stems from lending process which includes actually providing the loan, loan qualification, loan interest rates, loan terms, loan paperwork, customer treatment, etc. Another input to the lending step is workforce training and development.
- Loan Provided to Customer - an output of the lending core business process. Loan revenue (the receipt of loan payments and fees), also an output of this step then becomes an input to the organization's finance process;

Mapping core business processes quickly demonstrates the interrelatedness of your business's departments and key processes. If the lending core business process and the organization are to succeed, the effective integration among these departments and processes is critical.

A great example is this integration is the staff development and education processes designed to teach staff to provide loans, both effectively and efficiently, and also provide exceptional customer service during the loan process. If staff are trained only to provide loans, but not to provide exceptional customer service, or vice versa, then the whole lending core business process will likely fail. Also, an input into the staff education and development process to teach exceptional customer service, is key information on how customers wish to be treated while obtaining the loan, which is determined by the CRM process. Eliminating OFIs related to your core business processes, including associated key inputs, should be an extremely high priority for your organization.

Organization Strategic Direction

In addition, it is also wise to review your organization's strategic direction. To do so, start by asking yourself the following key questions: "What business are we in and why? Where does our revenue come from? What is our organization overall purpose? Our mission? Our vision? Our desired future? Our desired outcomes metrics? Our key strategies? and finally, What are the challenges, and advantages of those strategies?".

Remedying OFIs related to achieving the desired strategic direction and desired strategic outcomes should also be a very high priority for most businesses.

Step 2. List All OFIs and Segment into Two Key Categories

Make a List all OFIs – Team/Senior Leader

Determined OFIs and Feedback Report OFIs

While developing your application to your quality award program, you and senior leaders probably identified many OFIs that the organization needs to address. List these OFIs. Now add all the OFIs from the Feedback Report to that list. When listing the OFIs, it is helpful to include the Baldrige Criteria reference and the main theme of each OFI, e.g. "1.1a(1) – Lack of Senior leader deployment of vision and values to workforce and key partners" or "7.1a(1) Comparisons of applicant patient outcomes compared to other healthcare organizations' patient outcomes is not provided." You may have 70-80 OFIs on the list!

Segment all OFIs Into Two Main Categories: "Application Writing" OFIs, and "Real" OFIs

To make the prioritization process more manageable it is very helpful to distinguish between Real OFIs and Application Writing OFIs, and categorize each OFI into these two categories.

Application-writing OFIs are those OFIs resulting from inadequate drafting an application and generally are not a real defect in an organizational process. For example, your application may have adequately described the car-loan process, but did not indicate that the car-loan process was fully deployed/utilized in the various branches. Hence you received an OFI about lack of deployment of the car-loan process.

Another typical application-writing OFI example might be based on the fact that your organization did not provide customer satisfaction comparison information in results items, even though you indicated that you actually collect and monitor customer satisfaction information of comparable organizations in the Organizational Profile and Category 4.

Another example of a common application-writing OFI is listing of some very important strategic challenges in the Organizational Profile, but then failing to discuss how the organization is addressing these important strategic challenges in other Categories of the application such as the Strategic Planning Category.

If your organization is actually addressing these key strategic challenges but fails to describe this in the application, you have an application-writing OFI.

Note: If your organization is really not addressing these very important strategic challenges, then you have a real OFI.

Real OFIs are those OFIs that identify a real issue in current operation of your organization that should be addressed if the organization is to succeed in its performance-improvement journey.

Using this segmentation of application-writing OFIs and real OFIs, helps identify OFIs that are flaws in the organization, and therefore very important to remedy, versus the OFIs that can simply be eliminated by utilizing more experienced help in drafting of the application.

Two Key Types of OFIs.

Application-Writing OFIs and Real OFIs. Application Writing OFIs result from inadequate drafting of an application to a quality/performance excellence award program, and generally are not a real defect in your organization. Real OFIs on the other hand identify a real issue in current operation of your organization that should be addressed if your organization is to succeed in its performance improvement journey.

Step 3. Prioritize The Real and Application-Writing OFIs to Remedy

Prioritize “Real” OFIs. Since most organizations may not be able to address all the real OFIs, you’ll need to prioritize which the real OFIs to remedy. The following process helps you prioritize the OFIs to address.

Each OFI can be quantitatively evaluated by the following factors using a table format:

- Type of process:
 - Is OFI about a core business process? – 10 points
 - Is the OFI about an input to core business process? – 7 points
 - Is the OFI about other processes? – 5 points
- The OFI’s Impact on:
 - Achieving Strategic direction (MVP, strategies, strategic outcomes). Rate impact from high impact (10 points) to low impact (1 point)
 - Achieving revenue to the organization. Rate impact from high impact (10 points) to low impact (1 point)
 - Achieving customer satisfaction and engagement. Rate impact from high impact (10 points) to low impact (1 point)
- Remediating the OFI:
 - The amount of time to remedy the OFI. Rate the time from minimal time (5 points) to extensive time (1 point)
 - The cost to remedy the OFI. Low cost (5 points) to high cost (1 point)
 - The ease of remediating the OFI. Easy to remedy (5 points) to difficult remedy (1 point).
- Total score – add all the evaluation factor scores for each OFI.

The OFIs with the highest score are probably the most important to tackle, while those OFIs with the lowest score might not be as important. It is always wise to review and verify the quantitative scores for each OFI and make qualitative modifications, as necessary. Now you can select which of the Real OFIs to resolve.

Prioritize Application Writing OFIs

Use the same process as above to prioritize application-writing OFIs. Then select which application-writing OFIs to correct.

Step 4. Develop, Implement, and Monitor Action Plans to Remedy the Selected OFIs

Develop Action Plans to Remedy Selected OFIs

For each selected real OFI to remedy and each selected application-writing OFI that you want to remedy, develop action plans to resolve the OFI. Action plans usually address who is responsible, what will they do, the deadlines for their actions, and what resources will be needed to correct each selected OFI.

Implement the Action Plans

From the OFI Action Plans, it is helpful to develop a master OFI remedy timetable listing the OFI to be remedied, who is responsible for rectifying the OFI, and the time-frame for completion.

Monitor Progress – “What gets monitored, gets done”

To assure OFI correction action plans are on track and on time, it is helpful if senior leaders review progress monthly, and make any adjustments as necessary.

Summary

Most business organizations do not have the capacity to alleviate all OFIs presented in a Feedback Report. The 4 Step OFI Prioritization Process provides a systematic means for determining which OFIs are most important to remedy, those that will have the biggest impact on achieving your organization’s and performance excellence goals.

About the Author:

John Van Gorkom is the Managing Director of VG Strategies LLC Management Consulting firm. John specializes in assisting organizations improve their profitability and processes, and in developing effective strategic plans through the implementation of the Baldrige Criteria for Performance Excellence. This is John’s 14th as a Baldrige examiner, where he is currently serving as an Alumni examiner. John has helped many organizations develop applications to their respective quality award programs. John also has co-authored three of the Baldrige Case Studies used to train Baldrige examiners and other international, national, and state/regional quality award programs. If you have questions about the 4 Step OFI Prioritization Process, please feel free to contact John. He can be reached through the VG Strategies web site at www.VGStrategies.org or by e-mail at John@VGStrategies.org