

Decoding the Black Box

WHAT DO THE FOLLOWING TWO ACTIVITIES HAVE IN COMMON?

1. DESIGNING STRUCTURAL PRODUCTS FOR A HOUSING DEVELOPMENT
2. ADMISSIONS, BILLING AND COLLECTION FOR A HOSPITAL CHAIN

ON THE SURFACE, THE TWO ACTIVITIES APPEAR UNRELATED. HOWEVER, ON CLOSER EXAMINATION, EACH ONE INVOLVES SEVERAL STEPS THAT ARE EXECUTED BY PEOPLE SPANNING MULTIPLE ORGANIZATIONS, TAKING WEEKS TO ACCOMPLISH. OFTEN THE PEOPLE INVOLVED DO NOT HAVE A CLEAR UNDERSTANDING OF WHO THEIR INTERNAL CUSTOMER IS AND HOW EACH STEP IMPACTS THE END RESULT. A HOLISTIC AND PROCESS-ORIENTED VIEW, EVEN FROM AN OUTSIDER, RECOGNIZES THAT THERE CAN BE A SIGNIFICANT AMOUNT OF WASTED TIME AND EFFORT IN EACH CASE. THE GOOD NEWS IS THAT THESE ARE FIXABLE PROBLEMS; HERE'S WHY...

WHAT IS INDEED COMMON BETWEEN THE TWO ACTIVITIES IS THAT BOTH INVOLVE TRANSACTIONAL PROCESSES IN WHICH INFORMATION FLOWS ACROSS SEVERAL STEPS LEADING TO AN END RESULT. SIMILAR TO HOW A MANUFACTURING PROCESS TRANSFORMS INVENTORY FROM RAW MATERIALS INTO FINISHED PRODUCT, A TRANSACTIONAL PROCESS FLOWS INFORMATION THROUGH A SERIES OF STEPS RESULTING IN A FINISHED PRODUCT. SO, WHY NOT ANALYZE THESE TRANSACTIONAL PROCESSES UTILIZING THE SAME LEAN PRINCIPLES THAT ARE USED TO IMPROVE PRODUCTION PROCESSES?

Case 1

Is your product design and engineering highly predictable and on schedule? In the real world, very few people can answer "yes" to this question. In one of Barrier's recent assignments, the time required to complete the design of structural products was highly variable, often lasting months and making it difficult to satisfy customer requirements in a timely and reliable manner. A detailed review of the process showed that the true customer requirements were not clearly understood which resulted in a number of projects being put on hold. The process steps were unclear and the responsibilities were loosely defined creating a black box filled with chaos.

To address the situation, Barrier collaborated with each function involved and re-engineered the steps to facilitate the flow of accurate information along the entire process. To enhance accountability, Barrier established simple visual tools that tracked the status of each project from start to finish. This process driven methodology increased the visibility and stability of the design process resulting in a significant reduction in the time it took to complete the design while satisfying customer requirements.

Case 2

How could a nationwide post acute healthcare provider take almost twice as long as industry peers to process a patient bill and collect? Barrier's assignment was to not only find the answer, but to fix it. Upon mapping out the entire revenue cycle and interviewing key players along the way, it became apparent the process had significant redundancies, inefficiencies, bottlenecks, and opportunities for error.

Barrier worked with every function along the revenue cycle opening the lines of communication, creating a culture of root cause analysis, realigning shared accountability, and mistaking-proofing the system through IT enhancements. The Result? A sustainable and scalable process that cut accounts receivable in half generating significant additional cash for the company.

Barrier's work in these transactional environments reinforced our belief that any activity can be viewed as a process intended to deliver value to a customer. This process can be disaggregated, simplified and re-engineered to produce quick and highly effective end results.

Why does this matter to you?

Barrier believes that the complexity costs resulting from poorly designed processes often remain unknown or invisible, but will continue to be a sizeable component of the overall cost structure in any type of business. These costs are primarily driven by transactional processes that contain a tremendous amount of waste. If you are struggling to take control of hidden costs or would like to improve customer relationships, we recommend that you take a closer look at your transactional processes.

Are you ready to decode the black box?

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A nationally recognized financial and operational advisory firm with offices in Dallas, Texas, Barrier Advisors provides special situations investment banking, corporate restructuring, strategy and operations advisory services for middle-market companies and their stakeholders. Barrier successfully manages complex middle market-sized transactions for some of the largest, most demanding clients in the capital markets. For more information on Barrier's services and capabilities, visit www.barrieradvisors.com.