

# Go Forth And Simplify

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**As our businesses grow and develop, by nature, things become more complex. One of the most effective ways to improve business performance is to simplify everything we do.**

For decades businesses have discovered or invented methodologies to improve business performance. When we see other business' methods produce prosperity, we learn what they did and strive to emulate it. Hence we see programs such as Lean, Six Sigma, Total Quality, Value Innovation, and a host of others.

While each of the familiar improvement systems targets a different source of lost profits, many have one root solution in common; they end up driving a simplification of processes and business structure. Whether your business has adopted a popular business improvement program or such things are not your style, you can improve your business performance by focusing your improvement strategy on simplifying everything.

The axiom, "simpler is better," is a timeless and universal idea. The Lean methodology improves business by identifying and attacking waste in its many forms. As we use the Lean methodology to eliminate waste we eliminate unnecessary steps, reduce effort, minimize work, and keep things visible and obvious. Likewise, Six Sigma strives to minimize variation. Things become much easier to control and less prone to vary when they are simple and so we inevitably simplify processes in our quest to reduce variability.

A good test of your existing improvement program is to review and consider how well it simplifies work life, and systems, and processes for your business. If you do not use one of the popular improvement methodologies, you can develop your own discipline for process and business improvement around the simple idea of making things simpler.

Here are a few common scenarios where we can apply the "simplicity principle" to make better decisions or otherwise improve performance. I offer them in no particular order.

### *1. Organize Simply*

As our organizations grow, they naturally become more complex by the sheer nature of more personnel and more roles. The next time you roll out your organization map, look at it with a mindset of simplification. In particular, look for ways to simplify communications and decisions.

For example, if the person with the authority to make a decision is several links removed from the person who encounters the issue or needs the decision, then the

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process of making the decision will be more complex. It negotiates a long chain of communication and command. It also runs into social/political complexity as the feelings and opinions of everyone in that long chain of command come into play. Put the authority at the point of problem as much as possible.

I am not a fan of matrix organizations for the simplicity principle. As our businesses grow and we look at what it takes in the way of leadership and specialized roles to support multiple product lines, it begins to appear very burdensome to have individual resources devoted to specific channels. It appears more efficient to have fewer resources support multiple channels at once.

The matrix makes sense from a resource-sharing perspective. However, a phenomenon of matrix organizations is that no one person owns a product line or business channel and so no one person may make a decision. Decision by collaboration or committee is not simple. It is complex, both in communication, and social/political motivations and perceptions. There is inefficiency associated with that complexity that many do not consider.

### *2. Simplify Processes*

This one sounds obvious, but I have a few ideas to use as guidelines. Endeavor to define every process in terms of seven or fewer steps. Why seven steps? Seven represents the general number of things most of us can easily remember or track at one time. It's obviously not a hard rule, just a good guideline to follow. If you can make it 5 steps or 3 steps that's better.

Naturally some processes, such as developing a new product or designing a new production facility cannot be accurately planned with a seven-step project plan. Try to define seven stages that describe the greater process and allow each stage to have sub-processes underneath. The key is this. Keep each one simple, and be sure that everyone knows who (one person) is responsible for each process, sub-process, or sub-sub-process. It keeps everything that someone manages simple to communicate and understand and follow, and it simplifies decision-making.

Another part of process simplification is to minimize checks and permissions. Every time that something requires approval, it is an opportunity for things to get complicated. There are times where it is a very good idea to stop the train long enough to do a sanity check, and these times should be observed, but they should be simple (minimal approvers) and easy to conduct. Examples might be safety reviews and checks, design reviews before testing, or annual business strategy reviews.

### *3. Simplify Systems*

As our businesses grow we invest in more powerful systems to support greater demands for data storage and organization, resource management, project or client status, and a variety of other challenges. Unfortunately, complexity often accompanies increased capability.

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When you are making decisions about incorporating new systems or system changes, ask and answer the following question. “How is this going to make things simpler?” If you can’t answer the question, dig deeper into how that system is really an improvement. Do the same throughout the process of integrating and configuring the system. Often it is how we use the system that determines its simplicity or complexity. Be sure that you set it up for simplicity. Fight against the axiom that “more is better.”

### *4. Simplify Product and Service Offerings*

This category has several aspects of opportunity. Let’s begin with the product or service itself. While complexity can be extravagant, simplicity is elegant. Also, by nature, simpler designs tend to enable simpler manufacturing and production. In terms of services, simpler services are easier to repeat and therefore, easier to ensure they consistently satisfy. It’s also easier to set and meet customer expectations.

Sometimes our product portfolios explode into a wide variety of configurations and options. This too has profit-sapping consequences. More than once, I’ve been able to point out that anywhere from 5 to 15 percent of a product line’s total expenses could be attributed to offerings or configurations that represented less than 1 percent of the total sales. Often we can save significant money and improve profit margins by eliminating the bottom 1 to 5 percent of our product portfolio.

Simplify component usage within our products. When more of our products utilize the same components, manufacture, assembly, supply, testing, and design all become simpler. Similarly, the disciplines of Design for Manufacturability (DFM) and Design for Assembly (DFA) are all about designing products for simpler production. A simple way to start is to simplify the variety of fasteners your products use. Encourage similarity by making it very difficult to add a new fastener to the existing supply. Make it very simple for designers to view what fasteners are already in use.

### *5. Simplify Supply*

There have been very popular movements in recent years to diversify supply chains. It has some compelling advantages. If one supplier cannot meet demand, another supplier is already approved and contracted and can easily pick up the slack. It also allows a business to play suppliers against each other, constantly competing to meet expectations of quality and price. There is also some deserved belief that a diversified supply base is a more stable supply base.

There are consequences of diversified supply as well. Suppliers are not so loyal. Managing the constant changes in pricing and supply from a variety of suppliers requires more work and effort. Quality can vary between suppliers and differences can turn into perceivable differences in quality from one product to another as viewed by customers. To manage the phenomenon, more work and effort is required by your sourcing and quality departments, and often engineering too.

The counter to the diversified supply chain has fallen out of favor, but it is a short

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list of reliable, loyal, consistent suppliers with competitive prices. It takes work to establish these relationships, but once established they generally require less maintenance than a diversified supply chain.

If your strategy is to diversify supply, do so carefully. Be considerate of how much resource demand is required to maintain it, and how much error will be generated by it. Do everything possible to simplify your means of managing the diversity. Otherwise, look to simplify your supply base within reasonable risk.

### *6. Simplify Production Structures*

I believe that the idea of simplifying manufacturing and production processes can be lumped into the “Simplify Processes” category above. Here I’d rather discuss the organizational structure for production. When the same product is produced in several different locations, things get complicated. We do this for a number of reasons.

Sometimes we want a buffer of production supply to cover risks with production coming from offshore, especially by ship. Sometimes we outgrow one facility and build another to take up the extra. Sometimes, as we shrink, we close one facility and move its remaining production to more than one other with some capacity to spare. Generally, risk management drives us to have multiple locations of production.

Unfortunately, multiple production locations often leads to multiple supply chains, multiple sets of engineering resources, and multiple teams of efficiency problem solvers. This multiplicity often leads to multiple sets of rules, different methodologies or standards, and an enormous diversity of problems. Diversity can be powerful in terms of generating ideas and creativity. It can be a burden on resources and an exacerbation of opportunity for error.

### *7. Simplify Markets*

I know I just made a major marketing faux pas. Especially true for incorporated businesses with shareholders looking for reliable, consistent, stock value growth, the goal of most businesses is to diversify markets. Consider that it is possible to simplify without necessarily sacrificing diversity. This is particularly true when the simplicity is in the form of market management, not necessarily the markets.

Many of the same ideas that we applied to products and supply, can be applied to markets. For example, just as the bottom of our product portfolio might produce more burden than sales, the bottom of our market portfolio can do the same. Don’t hesitate to abandon a market that is no longer producing profits. The alternative is to strive to reinvigorate your presence in that market, but be careful. A dry well isn’t always easy to re-tap.

Similar to managing supply chains, a bunch of small markets are much more difficult to manage than a few big ones. Don’t get so carried away chasing diversity that you ignore the opportunity of capturing more of a market that has much

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greater volume.

At the very least, simplify the responsibility for your various markets and try to consolidate strategies. Consider this: more markets usually leads to more strategies, more projects, more product lines, more sales strategies, etc. Your markets can drive more complexity for your business than just about any other business component. The simpler you can keep your market strategy list, the simpler the rest of your business can be.

That outlines seven different regions of business that can be simplified and some observations for where the complexity comes from in each. It's not possible in a single post to describe in detail how to go about simplifying an entire business or even one department. Instead, I hope that the thoughts above offer some ideas about where to begin.

To go about executing simplification, I recommend nothing more than a simple set of your favorite, fundamental problem-solving tools and methods. Sometimes all we need to do is to challenge why things really need to be the way they are. Do we really need this many approvals? Why do we have two of these? Why is that different from this? If you already have a methodology for business or process improvement, you shouldn't need anything new.

Take a good look at your business, your function, your team, or your own project list this week. Examine it with an eye for complexity or simplicity. Influence what you can to simply everything around you. If you are utilizing a structured business or process improvement program, challenge it to demonstrate how things are getting simpler. If you don't use one, you don't need one. Simply declare war on complexity and go forth and simplify.

Stay wise, friends.

*If you like what you just read, find more of Alan's thoughts at [www.bizwizwithin.com](http://www.bizwizwithin.com) [1].*

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