PROCESS IMPROVEMENT PROPOSAL

ABC Company’s transformation into a larger organization and acceptance of projects that possess significant technical complexity necessitates improving its proposal processes by establishing formalized methodologies and defined roles.
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Executive Summary

Organizational Background

ABC Company is an interactive agency that brands itself “a one-stop digital solution” for its clients. It currently represents a number of exclusive and high-end brands: from telecommunication giants to computer manufacturers to national sports teams. The list of ABC Company’s clientele is long and impressive, providing great bragging rights within ABC Company’s portfolio of interactive solutions delivered via cyberspace.

Established in 1998, ABC Company has been successful in exceeding client expectations. Approximately twelve months ago, it underwent an evolution from a small boutique-type agency to a much larger, dynamic one. Staffing currently exceeds 80 team members – a mix of full-time and contract employees.

Process Improvement Needs & Objectives

As with any organization undergoing such a transformation, the evolution from a small boutique mindset to an enterprise-level organization is one that is in constant motion. It currently has no predefined process for dealing with new business, either through acquiring it or scoping it for accurate projects. It is more of a “shoot from the hip” mentality, utilizing inaccurate, ballpark estimates for the amount of work and hours needed to meet client expectations and deliver complex projects.

Current work estimates are generated by business development team members who do not possess the expertise to craft a final proposal alone. The proposed process would include a number of team members from different competencies and skill sets that possess the expertise to provide accurate time estimates and costs to perform new client work. In short, the current process does not allow for any varying degree of change or alteration. It also does not contain enough steps in order to achieve a moderate degree of success through involving research and sufficient scoping processes.

Limited monies are needed to implement this process, and require few additional steps to perform, such as project scoping that will generate proficient statements of work for the organization and the establishment of a QA lab.

Integration of the proposed process improvement would generate ABC Company a savings at the end of the first year of $128,750.
**Current Process**

The current process at ABC Company entails an account team member from the business development department working with a new or existing client to obtain new or additional business.

Currently, an account team member guesses at the length of time needed to perform the work and offers the client a price over the phone. The client either accepts or rejects the price, at which time further negotiation can occur. Once the verbal “green light” is given, work commences on the new project, which is faced with a challenging arbitrary deadline that the client expects ABC Company to meet. A statement of work should be generated, but often is not since the process is more concerned with quickly securing business than establishing protocols for ABC Company to be paid upon project completion.

**Identified Issues & Needs**

Once a project manager is assigned to commence the project, he or she works with the Operations Director to schedule company resources. Often, scheduling conflicts occur since a number of uninformed choices by the business development team have led to a resource crunch that ultimately causes a backlog and a lack of sufficient quality assurance (QA) time to ensure the project leaves ABC Company bug-free and working as intended.

Furthermore, there have been past instances when clients have suffered budgetary problems, and have avoided payment to ABC Company since a signed, written statement of work did not exist between the two parties. Lack of a signed, statement of work by a client offers little legal recourse to ABC Company if a client should avoid payment.

The current process is pretty much straightforward, but does not allow for any varying degree of change or alteration. It also does not encompass adequate steps in order to achieve a moderate degree of success through involving research and thorough scoping processes.

To sum it up, the existing process needs improvement for the following problem areas:

- Non-payment by clients
- Missed deadlines by ABC Company
- Inadequate Quality Assurance time
- Misunderstood project guidelines
- Exceeded budgeted hours and costs

*The workflow for the current process is shown in Figure A-1.*
2. A project manager works with the operations director and SMEs (subject matter experts) for scooping and submits draft for approval.
   a. If it was beyond ABC Company’s capabilities, then the work would be sent back to business development for adjustment or refusal.

3. Following the creation of the project plan by the project manager, it is transformed into an SOW by the business development team, who sends to the finance department for sign-off.
   a. If the finance department rejects, then the SOW is sent back to business development for alteration or refusal.

4. Approved SOW is sent to client.

5. Upon receipt of a client signature constituting acceptance of the SOW, the operations director issues a client number for resource allocation and project scheduling. A delivery date is set and sent to the client.

   The workflow for the proposed process is shown in Figure A-2.

**Technologies & Tools**

The approach to setup the proposed process will be based on Six Sigma methodology, particularly the DMEDI (Design, Measure, Explore, Develop, Implement) structure. It is more appropriate for the creation of a new process in an organic-based organization like ABC Company, which has little experience with established processes.

In order to create the process and monitoring criteria needed for improvement guidelines that will evolve over time from team member input and management evaluation, the Six Sigma methodology employed is DMEDI. In short it stands for:

- Define project scope
- Measure client needs
- Explore concepts
- Develop design
- Implement final project

Other technologies used will include MS Project 2007 for developing the project plans by the project managers. MS Excel will be utilized to track budgets since MS Project has limited capabilities in this area. MS Word will be used to generate final statements of work and project briefs that will be utilized by the creative and development teams during the project.
Finally, Harvest will be used to generate invoices and for time tracking. Harvest is a Web-based time tracking system that allows all team members to input their time toward a project. Project managers continuously monitor Harvest to ensure budgets are not exceeded in terms of resource allocation.

**Team Members**

ABC Company’s management has an extensive amount of involvement with interactive agencies and has sought “buy in” from all levels within the organization for this proposed process. Senior management has nearly been united in the calling for a process to improve how projects are handled – from beginning to end. Identified stakeholders dedicated to carrying out the process improvement include a number of senior managers and executives that include the operations director, chief technical officer and chief executive officer. Additional members include regular team members from the development and creative departments along with senior account managers.

Some of the key contributors include:

- Senior management
- Mid-level supervisors
- Operations
- Regular team members
- Senior account managers

**Process Rollout / Timeline**

The need for a timely rollout of four weeks, which includes approval from senior management, who need to pass along their encouragement of the process from the top-down, is critical to preserve ABC Company’s standing with customers. Central to the timeline is the adoption of the process and understanding of the roles within it by the account team, project managers and operations personnel.

Although the process seems simple enough and based on common-sense reasoning, office politics at ABC Company can prevent a timely recognition of the process. It is anticipated that there will be some resistance to changing a pure organic structure into a more process-driven mechanism. Some failure factors to consider include:

- Inadequate amount of “buy in” from all team members
- Top-level management shunning a change
- Improper or limited use
Figure A-2: Proposed Improvement Process

START
Business dev discusses new business with acct manager to accept or reject.

NO
Business would be refused or clarification requested from client.

YES
Project manager works w/ SMEs for project plan.

NO
If it was beyond XM Media's capabilities, then the work would be refused.

YES
Project plan turned into SOW and signed off by finance manager.

NO
If the finance department rejects, then the SOW is sent back to business dev.

YES
Approved SOW is sent to client.

YES
Receipt of signed SOW allows for resource scheduling and establishment of delivery date.
Figure A-3: Cost Benefit Analysis of Proposed Process (continued)

<table>
<thead>
<tr>
<th>Summary</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Gross Savings</td>
<td>$138750</td>
<td>$277500</td>
</tr>
<tr>
<td>Nonrecurring Costs</td>
<td>$10000 (server setup)</td>
<td>$0</td>
</tr>
<tr>
<td>Recurring Costs</td>
<td>$277500</td>
<td>$277500</td>
</tr>
<tr>
<td>Savings</td>
<td>$128750</td>
<td>$267500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projected Annual Cost</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting Expense</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nonrecurring Costs</td>
<td>$10,000</td>
<td>0</td>
</tr>
<tr>
<td>Recurring Costs</td>
<td>$277500</td>
<td>$277500</td>
</tr>
<tr>
<td>ANNUAL Costs</td>
<td>$287500</td>
<td>$277500</td>
</tr>
</tbody>
</table>
### Figure A-4: Return on Investment Data

<table>
<thead>
<tr>
<th></th>
<th>End of Year 1</th>
<th>End of Year 2</th>
<th>End of Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost to date ($)</strong></td>
<td>$287500</td>
<td>$565,500</td>
<td>$842500</td>
</tr>
<tr>
<td><strong>Cumulative Savings to Date</strong></td>
<td>$128750</td>
<td>$267500</td>
<td>$406,250</td>
</tr>
<tr>
<td><strong>ROI %</strong></td>
<td>123%</td>
<td>112%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Required payback will be achieved by the end of the first year, with ROI benefits decreasing overtime. Through the implementation of additional scoping and QA time, project savings far outweigh any arguments that oppose implementation of the step.