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Why Do We Need Step 4? – An Examination of Process Innovation

Why is it so difficult to achieve enterprise-wide innovation? Why wouldn't every employee be crazy excited about coming up with creative ideas for improving their work environment? Well, here are just a couple of reasons why innovation eludes most organizations:

- *We are too busy with established processes and procedures to look for efficiencies*
- *Thinking is not valued – people who are sitting in the office “thinking” look like they are taking a nap*
- *No good deed goes unpunished because ...*
- *Most people are resistant to change*
- *Innovation seems to large of an effort for most people to tackle*

I could write an entire article about each and every one of these reasons (excuses?) that innovation doesn't ignite in an organization. However, today I would like to focus this article on that last bullet point, the perceived size of the innovation task itself. We let artificial constructs about what is involved in innovating limit our getting creative to solve problems. We often feel that the issues we face are so large we don't even try to come up with potential solutions. Certainly, we have a lot of areas in our organizations that are ripe for innovation. But if we take a look at these issues, i.e.; how to get younger customers to think our FI is relevant, which Faster Payment solution to enable, or how to systemically implement a DEI program, these and other similar issues can seem to be insurmountable for the average employee to tackle. And that grinds them into inertia from a creativity standpoint.

At FNBB, we are embarking on an innovation journey; embracing change and enabling limitless creativity. How will we achieve this? After all, although we are not a commercial bank, we still have the same procedural and process orientation to our daily workplace. We are just as susceptible to the numbing effect of routine as any other organization. And we have big challenges that will require big ideas, big innovations. Yet, to get us on the path to these breakthrough innovations, we have to think small. Small, meaning tackling smaller innovation bites, working on projects that are small enough to be thought through and executed in weeks versus months or years. The best way to get innovation started in a small way is to focus on process improvement. For FNBB, this means we will focus initially on our internal processes, departmental procedures, and inter-department collaboration. How can an employee come up with an idea for process improvement? Here are some areas to consider:

- *Does your FI observe multi-step procedures where one or more steps could be eliminated?*
- *Is there a breakdown of information between departments?*
- *Where is there a “time sink”, perhaps where one or more employees are idle waiting on the outcome of another department or process?*
- *What processes can be identified where automation would eliminate a manual step or steps?*

By no means is the above an exhaustive list, but it gives you an idea of how to get people thinking about process improvement. We must be careful to not ignore ideas that are “too small” as the innovation process will require time and repetitions to become something endemic to our culture. Small innovations lead to small wins; celebrate those small wins and innovate some more. As the size of the ideas grow, peoples comfort level with the innovation process grows along

with it. And it is almost certain that there will be adjustments to the process as we see it play out with real ideas. That is a normal part of any new initiative. The maturity of the process then aligns with the comfort level of the employees that are using it. Creative ideas and the innovations that flow from them naturally occur with greater frequency. This brings me back to the title of this article, Why Do We Need Step 4? I use this example frequently when I am speaking or teaching about the power of innovation. Let's say there is a 7 step process to achieve a certain necessary outcome. Someone is explaining the process to another employee, perhaps a new hire or someone who has recently transferred to that department. After the 7 individual steps have been explained, the person learning the new process asks, "Why do we need step 4"? In my experience, there is really only two options for how someone responds to this question:

- *Response A – "John, Step 4 comes after step 3 and it is executed before step 5. This is how we do things here" or words to that effect.*
- *Response B – "John, thanks for that insightful question. I appreciate that you would look at everything we do here and ask exactly those same type of questions anytime it doesn't make sense to you. Now, let's take a closer look at step 4 ..."*

Did you see how you or your managers respond to questions like my example in one of the two response types above? If you are honest and think you are probably more likely to answer something like response A, then understand that you are limiting one of the very best ways to root inefficiency in your organization. When someone new looks at your processes and procedures, they benefit from NOT having any experience with that process and can evaluate it with a "clean slate". These newbies, who don't know your forest and are not familiar with your trees, see what they see and if they are bold enough and you encourage them to do so, will say, "Why do we need step 4"? Maybe step 4 is something you are required to do by a regulatory agency or it's an important step that moves data on to another system and that's why you do it. By taking the time to explain why you do what you do to someone new, you validate their asking the question, which encourages them to be always inquisitive.

Suppose in response to "Why do we need step 4", you decide that in fact, step 4 was implemented 8 years ago for a very specific purpose at the time, but it is no longer needed. Then move to eliminate the unneeded step and give kudos to the employee who raised the question about it. If that step takes a couple of minutes to execute and there are multiple people in your organization that do that step, then over a year's time, you will achieve many hours of time saved. And that saved time can be re-focused on additional idea creation or enhancing customer service. Here is the key takeaway – How can you evaluate your processes and identify unneeded steps? If you are too familiar with your forest, what could allow you to take a fresh look at your processes and procedures? Here are two ideas:

- *Pay close attention to new hires – just as the example I shared above, you should carefully listen to any queries from a new employee in your department and focus on anything they indicate "doesn't make sense". Don't blow them off; give them the courtesy of an explanation and where appropriate, reward them for helping you identify an area needing innovation.*
- *Bring in a "ringer" – If you can't wait until you have an opening in your department to get fresh ideas on organizational processes, bring in someone who can mirror staffers as they go through their procedures. This could be someone from another area of the organization, or perhaps you could engage a consultant that specializes in examining processes to identify efficiencies.*

So, is it a given that your experienced staff cannot identify efficiencies in their own processes? Of course not! The question is whether they are empowered, encouraged, or perhaps incentivized to seek out and eliminate wasted time and unnecessary steps. Any improvements you make as you innovate "small" will make a difference in your gross margin. More importantly, you will be grooming everyone to be looking for innovations. As bigger and more impactful innovations emerge, the impact to gross margin will really be seen. And, all because you decided to pay close attention to that pesky Step 4.