DOES YOUR INTERNAL FUNCTION TRULY ADD VALUE? SATISYING INTERNAL CUSTOMERS EXERCISE

Every function has customers! This includes Finance, Human Resources, IT, Legal, Communications, Marketing and others. Also remember your customers can also be the teams you lead. This exercise helps to:

1. Define your customers
2. Determine what you provide them
3. Determine if you are meeting their needs
4. Determine what you can do to provide more value
5. Determine whether you provide more value at a lower cost than outsourcing

This will involve seven steps:

1. Create a SIPOC of your function to establish and inventory of outputs
2. Review the SIPOC with your customers and receive feedback
3. Create a COPIS to show changes
4. Define the value created
5. Determine success metrics
6. Agree to SLA's with your customers
7. Review performance

Create a SIPOC

The first step is to determine what you do for who in order to determine an inventory of things you do. A SIPOC is a tool that has been used for decades in process improvement exercises although I have not seen it used as much for internal processes and internal customers. For more specifics on the origin of the SIPOC tool, go to https://en.wikipedia.org/wiki/SIPOC.

As with any tool, it's how you use it that determines it's value.

Supplier	Input	Process	Output	Customer

For example, a generic accounting function SIPOC may look something like this:

Supplier	Input	Process	Output	Customer
Accounts Payable Accounts Receivable Fixed Assets Accounting Operations IT Other Groups	Journal Entries Statistics Adjustments Reconciliations Source Data Statistics External Data	Load Data Process Data Review Reporting for Accuracy & Completeness Analyze Information Draw Conclusions	Financial Statements Variance Reports Analysis & Trends Ad Hoc Reporting Statistics Regulation Reporting Compliance Reporting Internal Reports Internal Analysis	CEO CFO Board of Directors Other Stakeholders Creditors Internal Functions External Organizations

Review with Customers and Ask for Feedback

Once your have clearly determined your SIPOC, it's time to share it with your customers and ask for feedback. Answers to these five questions should provide significant information.

What value do we create?

What are we doing well?

What can we do better?

What should we stop doing?

What else can we do to add value?

Create a COPIS

Based on your customer feedback, create a new diagram, a COPIS, which is the opposite of the SIPOC because it puts the customer first.

Customer	Output	Process	Input	Supplier

What Value do you Create?

Your customer feedback should be very insightful and sometimes sobering. In other words, some customers may struggle explaining what value you create. This is a strong indicator of opportunities to better serve your customers.

Here's were you may need to have some brutally honest conversations as a function by asking these two questions.

1. Does the value we create exceed our cost? Can you prove it?
2. Do we create more value at a lower cost than if we were outsourced?

Obviously, the second question is uncomfortable but it is a critical one to answer in order to justify your function. If you cannot perform the function better, faster and cheaper than an outside firm that why shouldn't it be outsourced?

Whether you like it or not, if your function is not strategic and does not add value, then it is a prime candidate to be eliminated, automated or outsourced. A prime example of this is payroll processing. It's important to be complete, accurate and timely but it is not strategic and it does not add value. Therefore, payroll processing is outsourced by many organizations because outside specialists can do it better, faster and cheaper than doing it internally.

Determine Success Metrics

Collaborate with your customers to determine success metrics and targets for those metrics. Put them in writing and agree to be held accountable to those metrics.

Agree to Performance Reviews

Report your success metrics to your customers and review performance with them quarterly, at a minimum. Your function needs to be held accountable for delivering value to your customers .... period. Again, everyone has customers! Changing your mindset and going through this process should help to Design, Align and Deliver value to your customers.

For questions, comments, best practice sharing and discussion with the Cup of Know online community, go back to where you downloaded this document on www.cupofknow.com.