The Superefficient Company

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Product 7699
The Idea in Brief

You've won the battle to become "lean and mean"—streamlining your company's internal processes and honing cross-unit collaboration to a fine point.

But don't rest on your laurels yet—the productivity war is escalating. Now you must become superefficient: streamlining the processes you share with other companies.

Consider your procurement process—a mirror image of your supplier's order-fulfillment process. Both processes share many identical tasks. But each is performed in isolation, with scant coordination. Result? Costly duplication, errors, and waste.

Take chemical company Geon. During the 1990s, Geon slashed costs by millions of dollars, boosted productivity, and eradicated customer complaints by integrating internal core processes. But the company lost those gains—and more—after its joint venture with a materials supplier. The culprit? Lack of intercompany coordination of inventories and demand. Geon's manufacturing was delayed, order-fulfillment time tripled, and inventory ballooned 15%.

How to avoid Geon's fate—and one-up your toughest competitors? Tear down the walls between your company and its partners.

The Idea in Practice

SIMPLIFIED SUPPLY CHAINS

Superefficiency aspirants usually focus first on supply-chain problems. Fixing these delivers big, immediate payoffs. To make your supply chain superefficient, view business processes as chains of activities performed by a series of different—but connected—companies.

Example:

At IBM, a sales rep used to handle each incoming order—costing the company $233 every time. By integrating its fulfillment process with customers' procurement processes, IBM eliminated the sales-rep role. Now customers enter their own orders and check order status. The payoff? Convenience, fewer mistakes, time and money savings for IBM and its customers, and increased customer loyalty.

RADICAL PROCESS COLLABORATION

The supply chain isn't the only area offering tantalizing opportunities for superefficiency. A new kind of process collaboration is revolutionizing business. Consider noncompetitive suppliers who use similar resources to serve the same customers. By integrating distribution processes, they slash costs.

Example:

General Mills yogurt and Land O'Lakes butter don't compete—but they share identical warehousing and transportation needs. Now, both products ride in the same trucks to the same supermarkets. Results: lower distribution costs and higher customer satisfaction for both companies.

SCOPING: Select a process that's already operating at peak internal efficiency. Choose a partner experienced in process redesign, collaboration, and quick decision-making.

REDESIGNING: With strong steering-committee leadership from both companies, reconfigure the targeted process according to these principles:

- The customer comes first.
- The entire process is designed as one unit.
- No activity is performed more than once.
- Work is done by whoever is best positioned to do it.
- The entire process operates from one database.

IMPLEMENTING: "Think big, start small, move fast." Quickly develop the process vision and deliver concrete results quickly. Then relentlessly communicate progress.

STEPS TO SUPEREFFICIENCY

To streamline your intercompany processes, follow steps necessary to introduce any new process—i.e., scoping (identifying a target process and partner), organizing, process redesigning, and implementing. But keep these unique cross-company guidelines in mind: