Developing and Implementing Standard Operating Procedures – SOPs

Driving a performance Culture

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Webinar Overview

This webinar will cover the identification of various processes in the collision repair shop that should be standardized due to their frequency of use and importance to the overall performance of the shop. This are referred to standard operating procedures or SOPs. These seemingly simple documents, when followed, eliminate the potential for mistakes, clearly define outcomes and most importantly provide a performance roadmap to be followed by employees

Creating and Standardizing Operational Procedures
What is Currently In Place?

- **What are your current operational procedures?**
  - Have they been communicated completely to the staff?
  - Are the expectations being met?
  - Are they kept a binder or company operational manual?
  - Are they easily followed?
  - ***Do they exist?***

Creating and Standardizing Operational Procedures
What Is Keeping Them from Being Developed?

- **It's not uncommon to have a business operating without standard operating procedures or SOPs, why?**
  - They are time consuming to produce
  - It's difficult to communicate the need to have, develop and implement them
  - The employee communication process is difficult

Where to Start

- The starting point is basic:
  - Establishing what needs to get done from the most basic to the most complex steps
  - Identifying the process or procedural steps that must be followed
  - Identifying where any support documentation can be found
  - Designating the individual that is responsible for their completion
  - Identifying the "quality control" steps that are needed
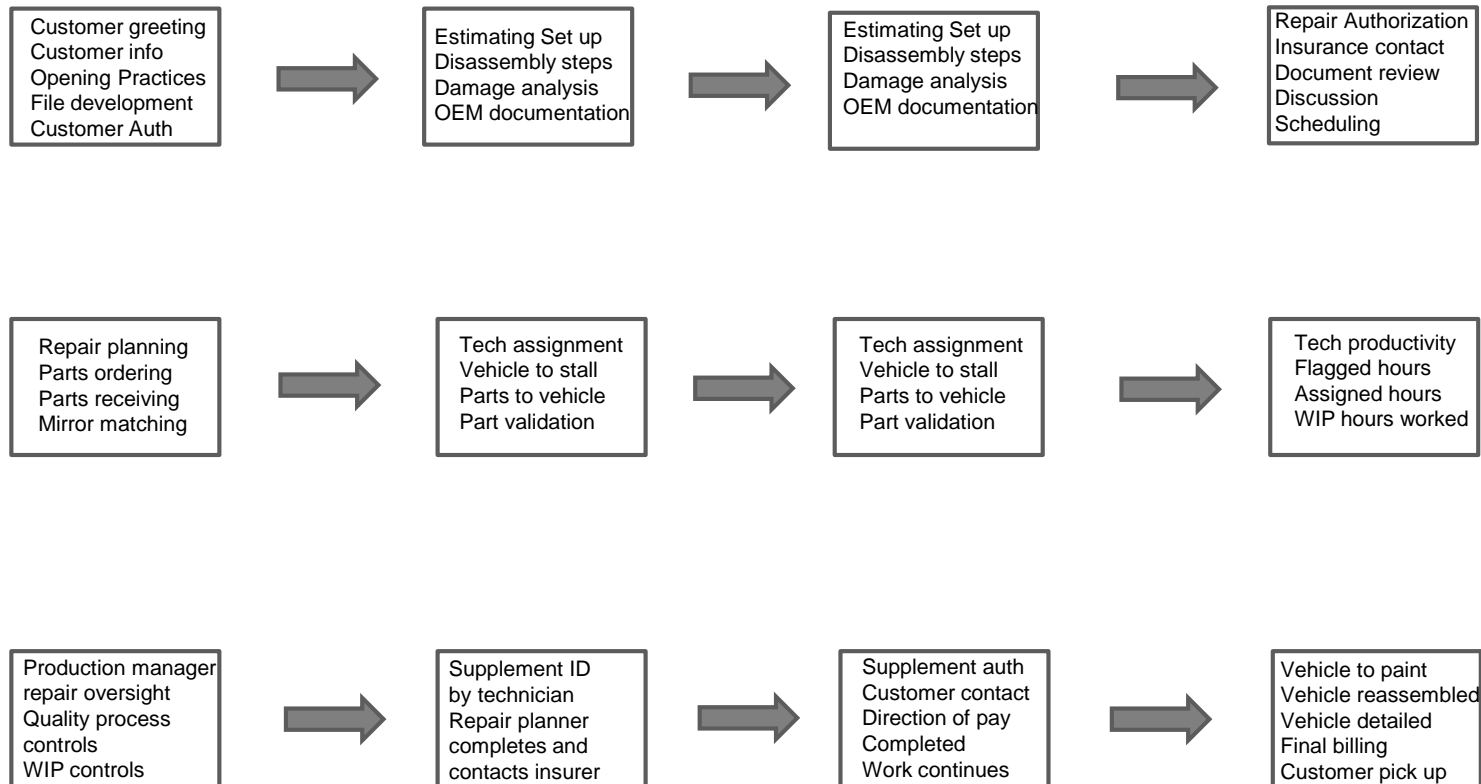 - Identifying the timeframe for completion

The Six Required Steps

1. Building Task Lists
2. Creating comprehensive job descriptions
3. Identifying measurements and accountability metrics
4. Creating targeted training plans
5. Creating and implementing the SOPs
6. Identifying audit or review processes and procedures

Identifying Frequently Used Processes and Procedures for Developing Process Flows

- Creating process flows
  - What is a process flow and how do they work
- Creating a "current state" flow chart
  - How are you currently operating
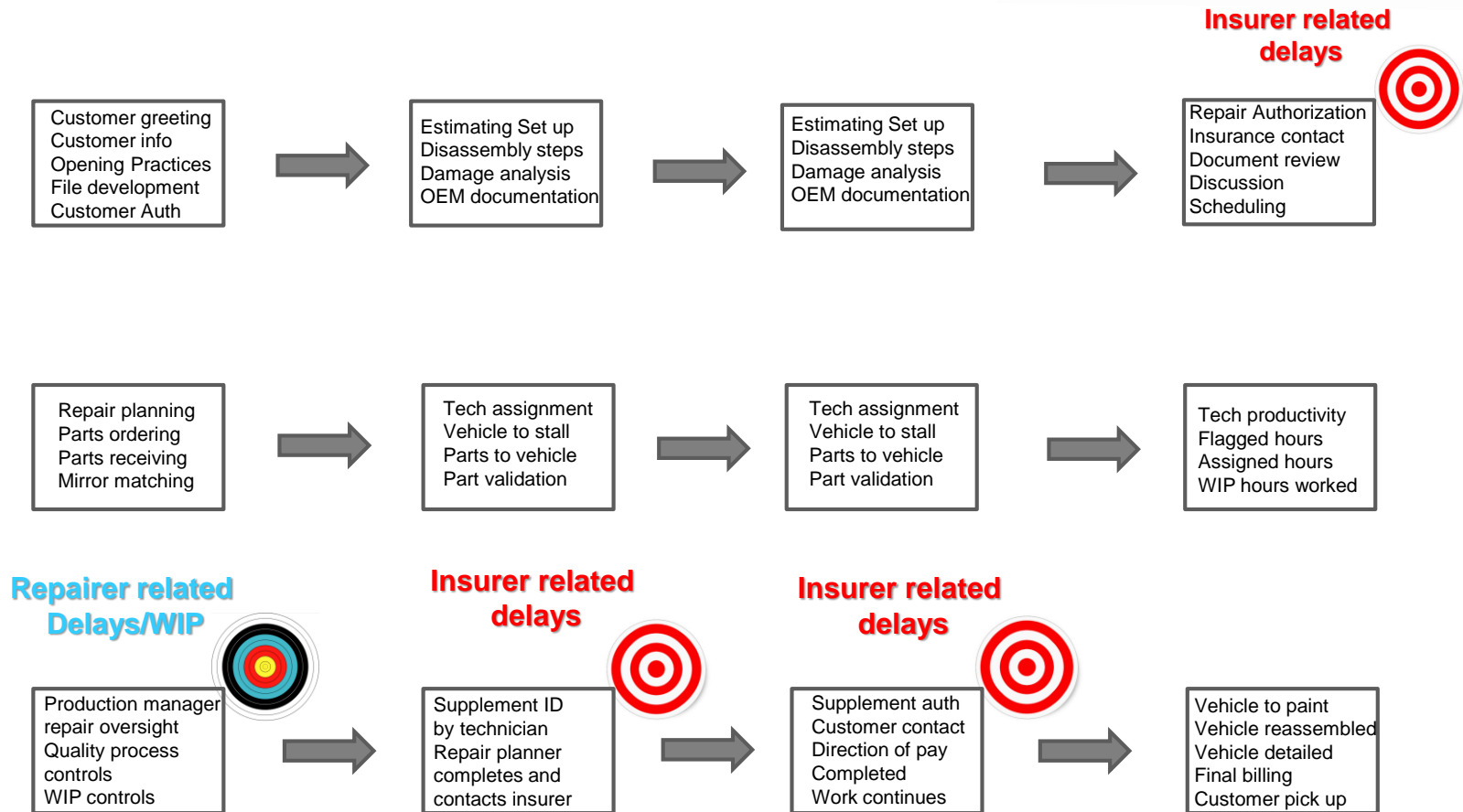 - How would you like to operate

Identifying Frequently Used Processes and Procedures for Developing Process Flows

| Customer greeting
Customer info
Opening Practices
File development
Customer Auth | → | Estimating Set up
Disassembly steps
Damage analysis
OEM documentation | → | Estimating Set up
Disassembly steps
Damage analysis
OEM documentation | → | Repair Authorization
Insurance contact
Document review
Discussion
Scheduling |

| Repair planning
Parts ordering
Parts receiving
Mirror matching | → | Tech assignment
Vehicle to stall
Parts to vehicle
Part validation | → | Tech assignment
Vehicle to stall
Parts to vehicle
Part validation | → | Tech productivity
Flagged hours
Assigned hours
WIP hours worked |

| Production manager repair oversight
Quality process controls
WIP controls | → | Supplement ID
by technician
Repair planner
completes and
contacts insurer | → | Supplement auth
Customer contact
Direction of pay
Completed
Work continues | → | Vehicle to paint
Vehicle reassembled
Vehicle detailed
Final billing
Customer pick up |

Identifying Frequently Used Processes and Procedures for Developing Process Flows

- Identifying potential roadblocks
  - Where are your "choke points"
  - How do you eliminate them
- Creating "ideal state" flow chart
  - What would your ideal state look like?
  - How do you make it happen?

Identifying Potential Chokepoints or Delays In Repair Sequencing

Insurer related delays

| Customer greeting
Customer info
Opening Practices
File development
Customer Auth | → | Estimating Set up
Disassembly steps
Damage analysis
OEM documentation | → | Estimating Set up
Disassembly steps
Damage analysis
OEM documentation | → | Repair Authorization
Insurance contact
Document review
Discussion
Scheduling |

| Repair planning
Parts ordering
Parts receiving
Mirror matching | → | Tech assignment
Vehicle to stall
Parts to vehicle
Part validation | → | Tech assignment
Vehicle to stall
Parts to vehicle
Part validation | → | Tech productivity
Flagged hours
Assigned hours
WIP hours worked |

Repairer related Delays/WIP **Insurer related delays** **Insurer related delays**

| Production manager
repair oversight
Quality process
controls
WIP controls | → | Supplement ID
by technician
Repair planner
completes and
contacts insurer | → | Supplement auth
Customer contact
Direction of pay
Completed
Work continues | → | Vehicle to paint
Vehicle reassembled
Vehicle detailed
Final billing
Customer pick up |

Resolving Chokepoints and Adjusting the Process Flow

- Working with the team to identify solutions and potential work arounds which can replace chokepoint or work stoppage areas
  - Identify chokepoint
  - Develop potential solutions
  - Temporary implement solutions
  - If solutions reduce or eliminate stoppages, insert solution into the process flow
  - Measure effectiveness
  - If positive, make solution permanent

Fact finding and Implementation

- Creating the performance outline
  - The ideal state should include all changes to the process that allow optimum performance
- Building "logic" into the process
  - Building Pro and Con worksheets to help in decision making
- Getting input from the staff
  - Ask the staff to assist in developing solutions
- Using the flow chart, develop the SOP worksheet
  - Building long-term repeatable processes

Building Process Execution Consistency

- Setting process compliance expectations
  - Work with staff to set performance expectations and accountabilities
- Identifying key performance metrics
  - Developing task lists - what will be done
- Setting individual performance expectations
  - Create comprehensive job descriptions that hold staff accountable for performance - who will do it
- Creating the SOP worksheet
  - Step by step process detail

Managing the Procedures With "Discipline"

- Meeting with the staff to set office, production and quality goals
  - Communicating and setting performance expectations is critical
  - Monitoring and follow up are essential
- Identify where the goals are covered in the SOP
  - As each goal is communicated, show where the goal and performance expectation are detailed in the SOP
  - By step and by accountability

Managing the Procedures With "Discipline"

- Provide a copy of each SOP as they are completed
  - As the SOPs are developed, explain in detail what the expectations are
  - Identify compliance as the only option
  - Non compliance will be performance managed
- Book the SOPs for future use
  - Create an organizational manual that contains all of the operating SOPs and have then segmented out by work area
  - Have staff sign a performance acknowledgement for each SOP that impacts their job accountabilities

Using the SOPs to Manage the Business

- Identifying the key performers in each area
  - SOPs will identify the key staff levels that are impacted by them
- Observe behavior to ensure performance consistency
  - Managing staff performance to the expectation becomes a task for management
- Audit the SOP to be sure that it is adjusted when needed
  - Management must verify performance and match it to SOP requirements
  - Watch for potential change needs and adjust

Using the SOPs to Manage the Business

- If temporary changes are more consistent with performance develop
  - Changes need to be temporarily inserted into the process an improvement validated before making the change permanent
  - If a permanent change is validated as making a positive impact….
- Adjust the SOP
  - Reimplement with the process update
  - Be sure to communicate any changes to the staff

The SOP

- The SOP Template
  - Measurement - What will identify if the task has been presented
  - Task – What will be accomplished naming the task specifically
  - Performance requirement – the individual accountabilities that will be required to be met

Collision Repair Shop USA

Morning Meeting

	Measurement	Task	Performance requirement
1	Daily	Team meeting	Morning release meeting
2	Meeting time	Meeting Schedule and Times	Meeting to be conducted daily by production manager. Shop owner conducts if production manager absent. Begin morning meeting at 7:45 a.m. and mid-day meeting at 12:30 p.m. Meeting to be completed within 15 minutes.
3	Staff Attendance	Daily Staffing	Determine staffing for the day. Reassign staff, if required.
4		Scheduled Delivery	Review status of all vehicles scheduled for delivery. Identify known obstacles on all vehicles. Identify initial solutions to obstacles.
5		Vehicle Status	Record status of all vehicles. Determine if there are known obstacles on all vehicles. Identify initial solutions to each known obstacle.
6		Vehicles Arrived	Review status of each vehicle that has arrived. Assign staff to prepare estimate / repair plan. Identify any timeframes required for estimate / repair plan preparation.
7		Vehicle Pick-Up and Delivery	Identify any vehicles that need to be picked up or delivered. Assign staff as required.
8		Post-Meeting	Update management system status report on all vehicles. Solve known obstacles on all vehicles. Update vehicle owners on vehicle status.

SOP Detail

- Each SOP has an objective - **What needs to be achieved**
- Each objective must have enabling objectives**, the activities that help the objective be reached**
- There must be **measurements** at each level that identify when or if objectives are being reached
- Management has to maintain an **audit or review process** to ensure compliance
- There must be acknowledgement that **"punitive" measures** will be in place in the event that objectives aren't reached

SOP Detail Cont'd

Each SOP must have an objective

- SOP objectives need to be clearly defined and written so that staff responsible for compliance have a clear line of sight to the goal
- Typically there will be a performance requirement combined with the task
- Tasks need to align with the same tasks or activities used to develop job descriptions
- Tasks and activities must be consistent

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SOP Detail Cont'd

Each SOP has a series of enabling objectives

- Simply put, enabling objectives are the activities that are used to reach the end goal of meeting the objective identified in the SOP
- These are essentially the process steps
- These must be very detailed
- When creating them, the thought process is anyone who has a basic understanding of a process can follow the SOP steps and achieve an acceptable result
- Detail is the key

SOP Detail Cont'd

Each SOP must contain measurements

- Measurements aren't necessarily a numerical indicator
- These can be "if X is achieved the task will be considered complete" The X could be a task or a number
- The measurements are established to give those completing the tasks the goal that they have to achieve
- It can also be the steps necessary to achieve the desired final outcome
- Management must stress the need to achieve the goals or complete the steps

SOP Detail Cont'd

Each SOP must have an audit process

- Audits aren't typically a bad thing, i.e. an IRS audit
- Audits are used to validate that specific processes, procedures or measurements have been achieved or to what degree they haven't been
- They are also used to help determine if there is the potential of alternative solutions if the measurement can't be achieved
- In some cases they are used as a compliance tool, but that is typically when there are repeated performance issues
- If the process is deemed to be adequate, follow up with the underperforming employees must be completed

SOP Detail Cont'd

Each SOP must have clearly identified corrective action steps

- The corrective measures are there to alert the employee that they are not meeting the desired goal
- In cases where the employee needs training it is identified and administered
- If there is a "will" issue, additional follow up may be required
- That is determined on an individual basis especially if other employees are working at appropriate levels

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SOP Process Steps

1. **Identify a process that is essential to the success of the business**

- If there are specific steps that need to be followed, identify them
- Be sure to examine all process steps and the peripheral activities that may influence them
- Write them down in the order in which they need to be performed to maximize efficiency, productivity, or importance
- Then begin to look at the individuals that are performing the process steps
- Is there a key individual (optimum performer) that is performing all or most of the required steps?

SOP Process Steps

2. Document the steps the optimum performer is completing

- Do the steps they are following match up with the initial list that was created?

- If not, are there tasks that should be added or deleted?

- Observe behavior and identify if the steps are done repeatedly and consistently

- If the results are the they achieve the desired outcome, it should be your SOP model

- Review the outcome with the employee and see if they have any suggestions on how to improve their performance

SOP Process Steps

3. Fill in the blank template with the steps

- As was illustrated previously
  - Left column - measurement
  - Center column - task requirement
  - Right column – performance requirement
- Measurement - What will tell management if the task is completed efficiently
- Task requirement - Define the task to be performed
- Performance requirement - Define the steps that are to be followed

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SOP Process Steps

4. Walk through the process

- With the optimum performer as a participant, review the entire process end to end to make sure that all steps have been properly identified
- If all steps are in place continue to observation steps which are essentially watching the staff member complete the SOP activities
- If not, be sure to update the SOP to include areas that have been missed
- Verify that all the steps when followed allow for complete task performance and repair or process quality

SOP Process Steps

5. If process is found to be complete

- Meet with the production, office or management team depending on the SOP
- Introduce the SOP
- Identify what measurements will be used for performance benchmarking
- Clearly identify the process and the process steps
- Walk through each step
- As questions to establish the teams understanding of the process that they will be required to follow
- If there are concerns, address them publicly

SOP Process Steps

6. Establish the SOP as a process requirement

- Instruct the team that this has been established as the new process that is to be followed
- Be sure there is alignment between the management team and the staff
- Be sure that the staff understands that they will be measured on their ability to meet the performance standard
- Identify the process as version1 in the event there is ever a challenge to the process. Subsequent versions should be labeled as well in sequential order

SOP Implementation

Centralizing a location for the operations/organizational manual containing the SOPs

- The operations manual will become an integral part of the collision repair store for a number of reasons
- It is the repository for all of the operational documents that meet the needs of agencies that may at some point need to understand the inner workings of the store
- Task lists, job description, performance measurements, training plans, SOPs and audit checklists are all contained within this manual as well as other operational documents
- This will be covered in detail during a future webinar

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SOP Implementation

Once the SOPs have been "booked" it will be important to have a meeting with the staff. That meeting should cover:

- Any changes in performance expectations related to new or improved standard operating procedures
- Discuss how each staff member will be impacted by the improved documentation
- How the measurements will impact them and the timeframe for implementation

SOP Implementation

Allow the staff to have input

- Don't allow the staff to take over the meeting but allow them to provide any constructive feedback they might have
- This is important in that it allows them to feel like they are part of the process
- Typically the staff will respond significantly better to SOPs that are presented in this way and will support the effort

SOP Implementation

Implementation timeframe

- Working with the optimum performer, monitor the performance of others that are new to the process to test the it's effectiveness
- This is typically a 15 day (3 work weeks) but some use as many as 21 workdays to test process effectiveness
- Once the initial timeframe has been completed meet with the staff again for a brief discussion about how the process is going, again to let them have input

SOP Implementation

Implementation becomes the SOP

- If the implementation process has been effective, the transition to using the procedure is relatively simple
- It is now the operating procedure and any questions about the SOP should be directed to the operations manual
- That's right, the process is now free from having to spend time clarifying what is required
- The requirements have been established

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Change in Culture

Changing the culture helps to reduce hands on management

- This results in a culture change to managing by the numbers
- This allows management to focus on growing the business and puts and end to or at least reducing the need to continually put out fires
- It forces the employee to take control of their work life because they now have instructions which they can access anytime there are questions about what has to be done or the process necessary to complete it

Closing Statement

- Organizing the store and changing to an SOP driven work environment will help management reduce conversations around what has to be done. This will allow management to focus on business growth and opportunity.

Thank you!

The Collision Team at ATI