

## Failure Demand



### DEFINITION

- failure to do something right the first time
- failure to take the correct action
- avoidable contact
- rework

Opposite of Failure Demand = Value Demand, or “true demand.” Both Value and Failure Demand are determined by *the customer*.

Remember! If in doubt, it’s Failure Demand!

### THE BIG PICTURE

In most administrative environments, associates are spending as much as 65% of their time working on failure demand. 60-80% of call center calls across the service/transactional sector are Failure vs. Value demand. Failure Demand is a systemic problem. Organizations can be off the charts busy but be drowning in non-value-added rework. The opportunity for virtually no-cost improvement is substantial in such environments.

### FAILURE DEMAND EXAMPLES

Most often related to:

- Failure to act (not providing something to the customer)
- Incorrect information, product, service
- Defective information, product, service
- Incomplete (unclear) information, product, service

### FAILURE DEMAND IN THE NEWS

Life’s too short!! No doubt people have better things to do!

- A recent Texas state audit revealed that callers were put on hold over a million hours (about 117 years!) trying to contact 8 state agencies over a 2-year period ending in 2017.
- Callers attempting to contact the Australian government department of human services require infinite patience! 28 million times in the past 7 months callers got a busy signal. Those who got through experienced an average wait time of 14 mins 10 secs, and of those who needed to speak with a second person, their wait time started back at zero. Ouch!

This data begs the question: how many of these calls could have been avoided if things had been done right the first time??

# Failure Demand

## FAILURE DEMAND OCCURS

In service/transactional sectors, including:

- Financial services
- Telecommunications
- Retail
- Municipalities
- Utilities
- IT
- Tax authority
- Healthcare
- Emergency services
- Insurance

As well as in manufacturing operations, throughout all upstream and downstream processes.

## BENEFITS OF REDUCING FAILURE DEMAND

Good news! The benefits are numerous, and include significant increases in:

- Work efficiency
- Cost savings
- Employee morale
- Customer experience
- Lead times
- Capacity

Along with decreases in waste, re-work and duplication.

## NOT TO BE MISTAKEN FOR

Farm Hand, Australian Inland, or Saint Ferdinand III.  
Ah ha! Threw a curve ball to see if you're still reading....!

## FAMOUS QUOTE RELATED TO FAILURE DEMAND

*"There is surely nothing quite so useless as doing with great efficiency what should not be done at all."*  
– Peter Drucker

## NOT-SO-FAMOUS QUOTE

*"Dear boss: Of course I don't look busy; I did it right the first time!"* – Unknown wiseguy and Lean disciple

