Module 2:
BPM:Process

Agenda

- Defining Processes

- As-is & To-be Analysis

- Process Modelling

- Process Improvement Methodologies

- Process Design: Principles, Issues & Best Practices

- Basics of Process Improvement

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What Is A Process?

- A Business Process is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers.
  - A high level view of a collection of tasks that result in an output.
  - Defines "what" needs to be done and which roles are involved.

How Is A Process Different From A Procedure?

- Procedures are the detailed steps required to perform an activity within a process.
- They define "how" to complete tasks.
  - They are documented in operations & user manuals and provide a deeper understanding of what should happen in each step of a process.
  - *Always pair process diagrams and procedural detail together to clearly show the step (or steps) in the process that the procedure refers to – Craig Reid*

What Aspects Of A Process Need To Be Defined?

- Process Name
- Process Owner
- Events
- Inputs
- Outputs
- Steps/Activities
- KPIs
- Enablers
- Customers

Defining Your Processes

"If you can't describe what you are doing as a process, you don't know what you are doing"
— W. Edwards Deming

Consider the following:

- Is your process key to achieving business objectives?
- Are there only a few people that understand how the process works?
- Do employees have alternative means of achieving the same objective?

If your answer is yes to any of these, then your processes need to be DEFINED

Processes are at the HEART of your business and define what you do.

10 Components You Should Define

Process Name

Process Owner

Terminating Events

Triggering Events

Activities & Actors

Inputs

Outputs

Enablers

Metrics

Customer

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As-is & To-Be Analysis

- BPM utilizes technology but 80%+ of the effort will be in analyzing and mapping processes

- You can't improve or manage any processes until you fully understand them – and the likely implications of change

As-Is Analysis

- You need to know what you have before you can change it effectively or not
- Capture data sources and structure
- Gather requirements
- Expect to be surprised

To-Be Analysis

- You need to know where you're going before you can change it effectively
- Validate output with stakeholders

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What Is Process Modelling?

- A description of processes using a combination of text and graphics.

  - Takes the information in a flowchart to a more granular level
  - Enables process simulation
  - More effort but…a deeper level of understanding
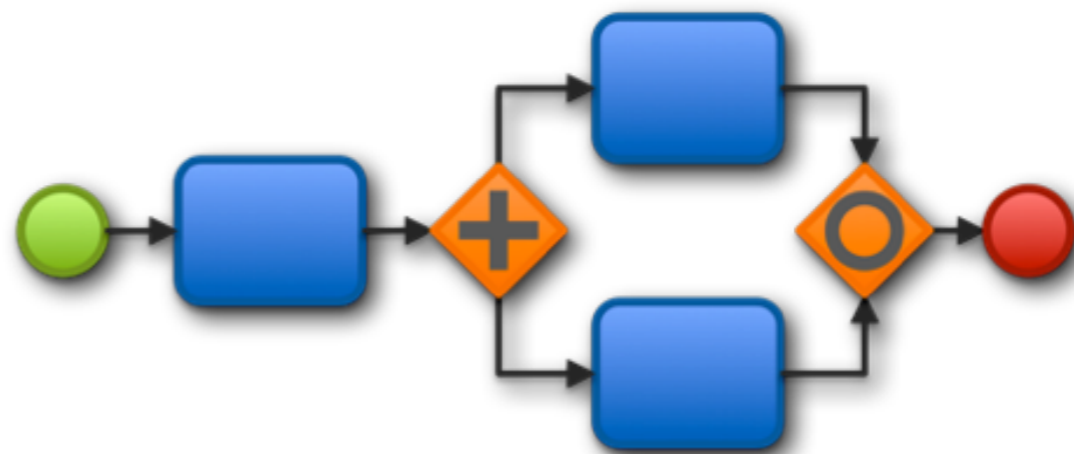
Why Define & Model Processes?

- Explains the sequence of a process graphically
- Improves communication and can be used to gain stakeholder validation
- Can assist in problem analysis – it highlights key issues, concepts and problems
- Can be used to map dependencies and related flows
- Allows addition of data intelligence to process steps
- Serves as a mechanism of re-modelling and developing a system or procedure
- Can be used to identify variations in process activity
- Models can become managed objects in a BPM repository with version and access controls.

Caveats

- Easy to lose oneself in the complexity
- Hard to know when to walk away – What level of detail is necessary to go into?
- We tend to think in terms of tasks rather than processes
- Don't assume; communicate key findings to stakeholders
- Develop KPIs as you go along. The KPIs should be linked to someone specific

Process Modelling (Tools & Options)

- The promise of a powerful modelling tool is to create a process model and then automate its execution

  - Integrated (part of a bigger system) e.g. Some BPMS Software have a functionality for modelling business processes (e.g. Software AG's ARIS Business Process Analysis Platform, Intalio BPMS)

  - Standalone – Do one thing only. May offer best of market functionality but may not integrate with your systems.

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Process Improvement Methodologies

- A methodology is a system of **principles**, **practices**, and **procedure**s applied to a specific branch of knowledge

  - There are many hundreds of improvement methodologies

  - Some universally known, most are variations on a theme

  - **The 2 most common** are Streamlining & Re-engineering

Streamlining

- When you streamline, you fix existing processes to make them more efficient and effective.

- **Use when:**
  - Existing process is already mapped/ documented
  - Existing process fundamentally works but not well enough
  - There are clear areas in need of improvement
  - Your focus is the process - not an overarching strategy
  - You are running repairs/maintenance

Reengineering

- When you reengineer, you fundamentally change existing processes (potentially removing them all together) and/or by making them more efficient and effective

- **Use when:**
  - Existing process is redundant or in need of a rethink
  - Process fundamentally no longer works and a major overhaul is required
  - Your focus is overall business goals and strategy and not on a particular task
  - You expect major improvements as a result

Lean

- When a process costs too much money, time and expertise to execute...**Think Lean.**

- Expending resources on process steps other than those that result in value creation for the customer is considered waste.
  - *Value is defined as any process and service for which the customer is willing to pay*.
  - *Don't water your weeds* - Harvey MacKay

Six Sigma

- Developed by Motorola

- When the results of a process are inconsistent and you want to reduce variability...**Think Six Sigma.**

- Aims to reduce variability by identifying where errors are most likely to come from and reducing the chances of those errors occurring (99% defect-free output).

- It relies heavily on statistics and measurements.
  - *Measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it* - H. James Harrington.

TQM

- When your products or services are suffering from poor quality…**Think TQM.**
  - *Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives* - William A. Foster.
  - Integrate quality into culture and activities
  - Quality is determined by customer's requirements
  - Quality is a continuous effort and conducted throughout the organization

Kaizen/Continuous Improvement

- When you need staff to collectively understand and work together to achieve the goals of a process… **Think Kaizen.**
  - *Everything can be improved* ~ Clarence W. Barron.

- Kaizen is a Japanese word for "change for better". It is a set of practices, a philosophy or a mindset that focuses on teamwork, employee involvement, waste identification and process improvement.

- It can be as simple as:
  - A single person identifying an improvement that needs to be made or
  - A group of people coming together to achieve an improvement that affects them.

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Principles of Process Design

- Investigate the following:
  - Do we have unnecessary signoffs and approval activities?
  - Are we asking for data we don't really need?
  - Are handoffs smooth?
  - Do we have good communication between process steps?
  - Do people understand the process?
  - Is the process elegant or messy?
  - Where are the major bottlenecks in the process?
  - Do we need to reengineer or simply streamline?

Principles of Process Design

- More Investigation:
  - Do I understand the purpose of each step?
  - Is there a clear and logical input and output to each step?
  - How else could this process step be accomplished?
  - Could we do something 'upstream' to eliminate the step?
  - How do exceptions impact individual steps?
  - What are the timings and metrics for each step?
  - Are we fully utilizing data sources?

Non-Value Adding Activities

- Waiting
- Moving around
- Inefficiencies
- Searching for information
- Correcting inaccurate information
- Work duplication
- Duplicate checks
- Approvals that always result in a fixed answer

The Weakest Link

- "A chain is only as strong as its weakest link; every process, no matter how well it performs, has a constraint that limits its performance"

  - *Goldratt's Theory of Constraints*

Bottlenecks

- **Bottlenecks:** A point in the enterprise where the flow is stopped

- Questions to Ask – Bottlenecks
  - Were people already aware of this bottleneck - if so why did it continue to exist?
  - Can I move some elements up stream?
  - Can I split the task up into multiple tasks and parallel process?
  - Can the bottleneck be resolved via better workload balancing?
  - Do we need to reallocate resources?

Checks & Reviews

- In many organizations, unnecessary checks and reviews in the process stream are the cause of bottlenecks

- Yet trying to streamline them can be difficult due to expectations around QA and regulatory requirements - real or mythical

- Need to ensure quality, but also need to question value of checks and reviews

- No value, if review always results in a Yes or alternatively always results in a No situation

- Consider "For Information" checks

- Focus on time taken and stage within the process when checks and reviews are executed

- Consider building QA into ongoing tasks instead of asking for multiple approvals

Process Design Best Practices

- Any improved process needs to plan around or eliminate current bottlenecks

- Be aware that bottlenecks often shift - and typically reappear they may need continuous attention

- Where over-complexity exists, you should aim to simplify it

Parallel Processes

- Using Parallel Processes
  - In many true business processes, there will be multiple sub-processes running in parallel
  - Number one method for increasing process efficiency
  - In "As-Is" processes, can identify inefficient activities
  - First option to resolve bottlenecks

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Basics Of Process Improvement

- Confirm the strategic direction of the business before any process improvement effort and ensure management support is made both clear and public.

- Ensure that the benefits of the process improvement effort are clearly visible and achievable in the short term.

- Always add value. Don't improve the wrong things. Solve the right problem

- Consider whether some processes should be improved, redesigned or eliminated.

- Tackle processes end-to-end; do not fix things in isolation

References

- Value-Driven Business Process Management: The Value-Switch for Lasting Competitive Advantage By **Peter Franz & Mathias Kirchmer**