

BPM 1 - How Business Processes Deliver and Destroy Value in Your Organization and the help XeP3 Offers

BACKGROUND AND THE 30% OPPORTUNITY

The emphasis in business has always been on increasing performance. A critical success factor in a new market (or small economy) in the past caused many companies to work to gain an unassailable position – that is have a strategy based on position. These companies focused on things such as - having close to a monopoly from very high market share, maintaining a regulated environment or gaining some legislated competitive advantage. Developments such as globalization, competition policy and lowering of tariff barriers have dramatically reduced the utility of such strategies. As a consequence almost all business strategies now include improving productivity and focusing resources on success factors – in order to out execute their competitors.

The initial implementation of these productivity and performance strategies has been downsizing, outsourcing and disposal of non-core businesses and assets. In the end, however, and after these restructuring opportunities have been taken, organizations inevitably begin to focus on business processes – i.e. the way it uses its people and resources to deliver value to its customers.

Our work, now in over 200 different organizations reveals that process rework – termed noise – absorbs on average 30%* of the on the job time in organizations. Obviously this varies by function and in some parts of organizations, such as call centres, payment areas and maintenance teams the wasted time can exceed 70%. Equally, the noise levels vary by industry with lower levels in those industries that have been open to competition for the longer.

Our own work shows that the better performing businesses in their industries have the lowest levels of noise and, further, that all these organizations are focused on driving their noise levels lower. Organizations in this exclusive band include in our experience GE, Shell, Visy Industries and Westfield Holdings. The tools we have provided to other organizations to measure noise levels have revealed 64% in insurance and 69% in services.

A Noise level of 30% obviously raises your staff cost by 50%. Noise activities also impact business growth. Noise activities include such as; correcting, following up, duplicating etc inevitably increase response times and service inconsistency.

TRANSLATING STRATEGY INTO ACTION THROUGH BUSINESS PROCESSES

When we think of business processes we generally think about the sequence of activities needed to deliver a product and/or service to a customer or meet the expectations of stakeholders including the shareholder. A common core business process would be the Order to Delivery Process or perhaps the Order to Cash Process. Such a high level description is easy to derive from strategic plans or understanding the strategic intent of an organization. At this level it is also equally easy to use logic to define high level KPIs for each process.

Translating strategy into action implies much more than arriving at these high level descriptions. It implies knowing exactly what activities you want your staff to undertake to satisfy the customer and the stakeholders. It also implies having the confidence that the staff do these particular activities consistently every time.

Translating strategy into action must also imply seeking out and eradicating the major drivers of the cost and customer affecting noise in the processes.

MAKING NOISE VISIBLE - THE FIRST STEP TO ERADICATING IT

Everyone is aware of Noise, and that the accompanying delays and rework translate into long hours and frustration. However, few organizations have set out to measure or eliminate it systematically. One key reason for this is that the existing tools used to analyse business processes have not been designed to systematically seek out the Noise. Even in organizations which have set out to improve business processes are dependants on anecdotal evidence to set priorities.

Contemporary change management programs promote staff engagement to achieve results. Paradoxically, few programs actually engage the staff in providing the one thing they uniquely know – what they do every day and therefore the incidence and size of the Noise activities. The **XeP3** tool provides an easy to use software approach to achieve this, quickly. The tool has been used to change the way 23,000 staff do their work - and it delivered the needed detailed information in less than 4 weeks. The tool has also been applied in organizations with just one staff member.

What the tool initially gives you is an end to end listing of what everyone in any process actually does. It does this at three levels:- strategic, sub-process and detail. At the detail level every sub- activity contains a description of what is actually done; the amount of effort and cost absorbed; how each team interact etc. and the overall cost of the process. If you pin it on your wall (or examine it on your computer) you will see every incidence of customer affecting noise, where it occurs, who is involved; how many times it recurs etc and what it is costing you – at a glance. The tool also provides integrated modelling, change management and monitoring and procedures management modules.

DRIVING VALUE CREATION – PERFORMING CORE ACTIVITIES CONSISTENTLY

Engaging your staff to document the Noise activities actually gets them to describe all of the activities that they perform. The resultant database will therefore provide huge additional value because it reveals whether Core, business performance driving, activity is being undertaken consistently (or even at all!). Our data shows conclusively that where higher noise levels are found there is little or no time or focus on Core activity. So, as for noise above, and at a glance, you can see who is doing the core activity, how little they are doing and exactly what it is.

Improving performance therefore becomes predictable and achievable. Reduce distracting noise activity by focusing on what causes it and institute measures to cause staff to focus on the performance driving Core activities.

AN INVESTMENT FOR THE FUTURE – USING XeP3 AND KNOWLEDGE MANAGEMENT TO DRIVE PERFORMANCE

Many organizations are struggling with what knowledge management is and what it can provide. Some have set up repositories that contain the documentation of their procedures and processes. Documentation of business processes with conventional tools, for the reasons given above, is clearly only a part the answer. Your knowledge management tool must enable you to pinpoint and quantify each of the key Noise drivers (so that you can eradicate them) and the Core so that you can drive up your business performance every time.

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