Unit - 2 Process Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Define business process management and related concepts
- ✓ Recognize the vital role processes play in a business

Unit 2

Process Management

What is Business Analysis?

The business analysis phase is vital within the business process framework. This phase involves identifying key business objectives and collecting as much data and information as possible. This data will enable you to put together a comprehensive picture of the issues facing your company and what your objectives are. Then, you will be able to design or enhance processes and procedures that enable you to reach these objectives and implement the right solutions for your organization.

Within this stage of the business process framework, you need to ask yourself some questions to help provide focus for what actions need to be taken. The following questions can be used to guide your thinking:

- What is the purpose of this process?
- What key business objectives does this process achieve?
- How can we monitor and measure this process to make sure it is achieving a key business objective?
- How will a change or creation of a process affect the employees and structure of our company?
- What sort of training and development will be needed to implement this process?
- What resources will be used in this process?
- What might be some potential obstacles with this process?
- Is this process in line with our strategic goals? More importantly, will this process better enable us to reach our organizational goals?

Thorough answers to the above questions will help direct your thinking. Most importantly, the answers you provide will enable you to determine what course of action to take when implementing your process changes.

How Do I Conduct A Business Analysis?

There are six essential steps to conducting a business analysis:

Breaking Down the Model
Examine Key Objectives

This stage is about taking a close look at the strategic goals of your organization. What is it you want to do?

Let's take selling a product as an example.

- What is the product you want to sell?
- What is your target market?
- How much do you want to sell and in what time frame?

Focusing on your key objectives enables you to create and enhance processes that will provide the right solutions and help you achieve your key objectives. Additionally, examining your key objectives enables you to narrow your focus and concentrate on what is important.

Define Your Research

Next, you need to examine what's out there. How have other organizations like yours implemented new processes? How have these processes impacted their business?

In addition to your outside research, you also need to do thorough inside research by collecting data from internal customers, such as employees, management, and customers.

Collect Data

This stage is all about getting the information you need to make the argument for a new process. This information can be acquired through a variety of methods, such as:

- Interviews
- Surveys
- Focus groups
- Discussions

Analyze Data

This stage is where you figure out how to implement your process. During this stage, you will need to examine how this process will affect different parts of your organization. Additionally, you need to make a plan to support these changes and the people affected by it. For example, if a new process requires training and development for some staff members, you need to figure out how you will provide this training.

As well, you will need to investigate what resources you need to carry out your initiative. How much time, money, or manpower is needed to enact the change? How will you communicate the changes to employees?

Present What You Have Found

In this stage, you put your findings in a cohesive package to share with others and present your recommendations. This stage explains your research to gain support for your initiative.

Plan for the Future

This is your call for action! Once you have completed the previous stages, you can now make an informed decision of where to go from here.

What is Enterprise Content Management?

Test Your Knowledge

How would you define content?

How does your business manage its content?

Why is content important? Is all content important?

What are some examples of content in your business?

What are some examples of content that you deal with at work?

Defining Content

Within an organization, content exists mainly in written documents. These documents can be about anything the organization deems important enough to write down and share, such as organizational processes or the strategic goals of the business. The challenge is the **volume** of information or content an organization produces. Think about how many documents go through your hands on any given day, week, or year.

Defining Enterprise Content Management

In order for content to be effectively used, organizations need to have tools and procedures in place to manage it. In other words, they need to create a system that supports the storage and retrieval of the information. **Enterprise Content Management (ECM)** offers a systematic approach to help organizations manage this large volume of content.

Enterprise Content Management Model

Model Overview

Here is how Enterprise Content Management systems work.

Breaking Down the Model
Capture

This phase is concerned with capturing content. This means using technology to convert content into an electronic format. For example, a written document may be converted into a digital file by scanning it into a computer.

Manage

This stage examines how you will manage the digitized information. Many organizations use a Content Management System (CMS) with a document management system. A CMS is a tool that helps users input a variety of content (such as recordings, sound bites, documents, pictures, and videos) while adhering to system parameters to ensure quality documentation.

Within the CMS, there needs to be a document management system. The document management system is used to:

- Capture data: Users scan or input information into the system.
- Classify data: Users and content managers use keywords, dates, and authors to identify data for easy retrieval.
- Search and retrieve information: Users find data using search terms and other tools.
- Version data: Allows users to return to earlier versions of a document and view the progress of documents.
- Limit access: Certain documents can be sensitive. Limiting access gives only authorized users the opportunity to view certain documents.
- Save and back up documents: The system must be able to protect your information.

There are many content management systems to choose from. When selecting your organization's CMS, you need to look at the goals of your company. What does your company hope to do with this stored knowledge?

Additionally, you need to look at the CMS's ease of use. How easy is it for people to input knowledge into the CMS?
You should also look at your budget, training needs, and your company's existing resources. How much will this CMS cost? Consider if you will need training on the system, or if your organization will need to upgrade existing computer systems to support the CMS.

Finally, do your research. Compare various systems to find the right solution for your organization.

Store

The third stage of the ECM process provides temporary storage for content that will not be saved in the long-term archiving facilities of the organization.

Preserve

This stage provides long-term storage for static documents that may need to be accessed at a later date.

Deliver

This stage is concerned with providing users access to the content of their business. In this stage, the ECM communicates with other systems to streamline information and allows users to access the data.

The Role of ECM in Business Process Management

Business process management uses workflow engines to optimize and automate processes. ECM's can interact with workflow engines by providing it with the documents it needs. We will have a closer look at workflow engines later in the course.

What is Business Process Re-Engineering?

Test Your Knowledge

When might re-engineering be a better solution than building on an existing process?

Case Study

Jane is a senior sales manager with Zamhouse, a business that provides housing for workers in remote camp sites. Jane has been with the company for about 10 years. She has recently been assigned the task of asking customers for feedback on the quality of services and products they have received from Zamhouse. From the feedback, Jane identifies that while customers are happy with the products they have received, they are very unhappy with the quality of service. In particular, the speed, consistency, and accuracy of service are not meeting customers' expectations.

Jane then decides to review Zamhouse's customer service processes to figure out how to provide more value for customers. After reviewing the processes, Jane believes that a lack of communication among internal clients (employees) is the issue. She determines a course of action for bridging this gap, implements a solution, and gathers feedback from customers to check for improvements.

To Jane's surprise, the customer response is more negative than when she initially sought their feedback. Jane then feels that maybe communication training among staff may solve the issue. But will it? Maybe the problem is that the existing customer service process needs to be re-engineered.

If Jane has tried repeatedly to optimize the process to no avail, it might be time to scrap the process and create a new approach.

About Business Process Re-Engineering

Business process re-engineering (BPR) advocates that businesses need to radically restructure their organizational processes to achieve their goals and be successful. This means that businesses may need to eliminate some of their existing processes and start from scratch.

BPR also introduced the concept of **workflows**: an IT solution that focuses on sharing documents throughout departments and organizations. Additionally, BPR argues that businesses need to divest processes that have no value, rather than figuring out ways to use technology to automate the process.

With the BPR model, the energy put forth to simplify and optimize existing processes is intended to give businesses the opportunity to offer better customer service and to minimize the resources needed to provide this customer service or value.

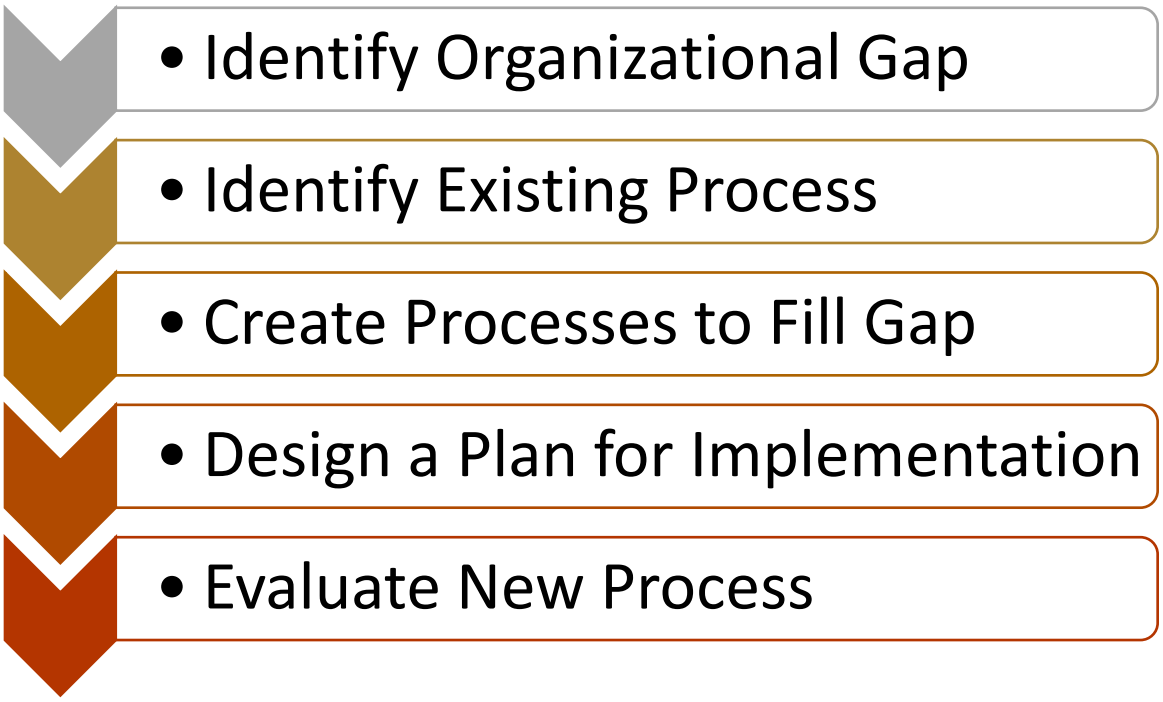
Role of BPR in Business Process Management

Business process management actually grew from a variation of business process re-engineering. Additionally, while BPM advocates the use of continuous improvement on processes, we all know that you can only tinker with an idea so much. Sometimes, the best way to get the most from your processes is to re-engineer or re-build the process.

Business Process Re-Engineering Model

Model Overview

Here is the model for business process re-engineering.



Breaking Down the Model
Identify Organizational Gap

In this stage, stakeholders come together to identify the root of the problem. They need to thoroughly map out the issue and create a problem statement to guide their thinking. Additionally, they need to discuss specific goals attached to the process and determine how to measure the success of this process.

Identify Existing Process

This stage involves carefully mapping out all of the activities involved in your existing process. Let's say that your business is to deliver books to customers. Let's work backward to identify the steps involved in getting that book to the customer. The customer receiving the book is the final step in the process. Previous to this, a service provider had to deliver the book. Maybe this was done through a shipping provider you have a business relationship with. Previous to this, the order had to leave the warehouse it was stored in. Before that, it arrived at the warehouse from the printing house.

An important point to remember when mapping processes is that the main tasks may each have sub-steps that have to be mapped as well. For example, let's say that the customer is not home to receive their order. What happens then? Where does the order go? What procedures are in place to ensure the customer receives their order?

This step is vital to business process re-engineering since you need to analyze "as-is" processes in order to create "to-be" processes. Detailed mapping also allows you to see flaws in the process and learn from these mistakes.

Create Processes to Fill Gap

Now, based on what you have learned from your process map, you need to engineer a process to fill a perceived gap in your organization.

Imagine that you are delivering books and the shipping provider has told you that costs for shipping will be increasing by 25% within the next three years. Rather than pass this cost onto your customers and potentially lose business, you look at your existing delivery process and decide that it needs to be re-designed to accommodate this change.

Design a Plan for Implementation

Now that you have created your process, you need to design a plan for implementing the process. Things to consider include:

- What solutions will you use to support your initiative?
- How will you automate and increase workflow to get the greatest efficiency from your process?
- What support will you need to provide for employees, shareholders, management, and customers to help them through this transition?

- How will you measure the success of your new process?
- What new roles need to be created within your organization to support the new process?

Evaluate New Process

Once you have implemented your new process, you need to evaluate it by collecting information and data. The data you collect should answer the following questions:

- Does the process reach, succeed, or miss the objectives it was meant to achieve?
- With some changes, could the process become more efficient or simpler?
- Does the process succeed in giving the customer more value (better service and product)?
- What is the attitude of your customers (internal and external) toward this process?
- What are your shareholders' attitudes toward the process? Do they see the process as a success?

These questions should give you some good ideas on how to make your re-engineered process a greater success.

Defining Business Process Management

What is Business Process Management?

Test Your Knowledge

What are processes? Why are they important?

Who is affected by how well your organization's processes function?

How might we manage a process? What steps might be involved?

Why is it important to examine existing processes? How can it help our organization?

Does your organization have measures in place for managing its processes? If yes, describe them.

Give an example of a process you perform daily at work. An example could be anything from data entry to making coffee before everyone shows up.

What are Processes?

Processes are everywhere. We deal with them every day. There is a process for putting gas in your car: you must take the gas cap off the fuel tank before inserting the gas nozzle and starting the flow of gas. Likewise, every business has a variety of processes in place to deal with the day-to-day operations of the company. You might have a process for data entry, production, and/or dealing with customers. These processes have been implemented to enable us to perform as a company.

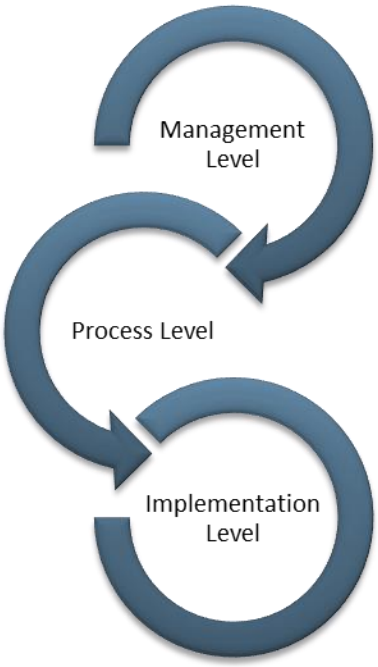
We must also understand that a business is a fluid enterprise; it must move with and meet the expectations of the customers. Therefore, it is vital that we manage our business processes to make sure they are still working and achieving the goals they were intended to reach.

What is Business Process Management?

Business process management (BPM) is a variety of tools and techniques used to support and manage the design, implementation, and improvement of operational procedures within an organization. These operational procedures are a set or sequence of activities that must be completed to reach a goal.

Layers of Business Process Management

Here is a model to illustrate the layers of business process management:



Breaking Down the Model

The layers of BPM move top-down. We will start by examining the **Management level**, which is concerned with strategy. Essentially, this layer focuses on creating strategic goals that the organization can move toward.

Questions that are asked in this phase might include:

- Where is our business going?
- What is our ideal, desired future state?
- What is the vision for our company?

In order to achieve the ideal future state, companies need to put **processes** in place that reflect their strategic goals. This is the second level of the BPM process. For example, if a strategic goal is to offer clients faster service by shortening manufacturing time on a product, you need to examine and improve your existing production processes.

Questions that are asked in this phase might include:

- What are the processes we currently have?
- How can we build upon and improve these processes?
- Do we need to create new processes to achieve our goals?
- Are our existing processes performing and giving us the results they were meant to produce?
- How can we incorporate technology in our processes to make them more efficient?
- How do we add value to a process?

The final stage in the BPM model is the **Implementation** level. This level is concerned with projects to develop resources for existing and new processes. This stage is a blend of technological solutions and human resource development.

For example, when seeking to improve your processes, you may consider implementing a new computer program to support your initiative. Then, you will need to invest in training development and possibly the creation of a new position to support and monitor the application. Balancing people and technology helps businesses maximize their processes and achieve the strategic vision or goals of the company.

Brief History of Business Process Management

Business process management (BPM) is a relatively new idea in the business world. In the 1980's, the idea of BPM came from forward thinkers involved with business process re-engineering (BPR), a concept which advocated that organizations needed to use technology to overhaul their processes.

While a complete overhaul might radically improve a business, it could be a risky move. Many owners and shareholders were hesitant about completely re-engineering their processes. A school of thought began to emerge from people involved in the BPR field. They wondered if there could be a subtler, more gradual way to improve processes. They also wondered if a concept could be created that would take into account the role of both people and technology in process improvement.

At this time, IT solutions began to be developed that would support the beliefs of BPM. These early solutions concentrated on workflow tools, which automated tasks or series of tasks involved in a process in the effort to increase flow. The thinkers behind these workflow tools believed that businesses needed solutions that could model human-based processes and dramatically improve the efficiency and quality of business operations.

With workflow tools redefining how work got done in organizations, businesses achieved cost reduction through automation, reduced cycle times, error reduction, elimination of redundancies, and better control over their processes.

With the software component firmly in place, BPM shifted its focus to the more human-based activities of process management. Various improvement approaches (such as Six Sigma and Lean) were adopted by organizations under the BPM model.

By melding technology and human-based approaches, BPM flourished. The ideas promoted by early BPM thinkers eager to break away from the radical field of BPR were successfully adopted by businesses and offered organizations a more conservative approach to taking control of and optimizing their processes.

What are the Benefits of Business Process Management?

Test Your Knowledge

How would improving processes benefit a business?

How would improving processes benefit a business' customers?

How would improving processes benefit the work you do in your organization?

BPM Benefits

There are many business benefits with business process management. Changing and enhancing processes to suit evolving business needs can transform an organization and give us a competitive edge that will positively impact our bottom line.

In addition to bottom-line benefits, BPM can positively impact our organization in a variety of other ways.

Increased Process Efficiency

Managing processes leads to higher process efficiency. Examining processes and measuring them ensures that the processes we have in place are still meeting the goals they were created to achieve.

Increased Employee Satisfaction

Managing processes can also lead to increased employee satisfaction. Establishing processes to carry out the daily functions of the business enables employees to do their jobs with no confusion. Additionally, managing processes to ensure they are as simple as possible can help alleviate employee frustrations.

Increased Customer Satisfaction

By creating, monitoring, and evaluating processes, we can ensure that we are meeting the needs and expectations of our customers.

Increased Productivity

Monitoring, evaluating, and optimizing processes ensures that we are operating at our most productive level.

Decrease in Costs

Improving productivity and using technology to automate processes reduces costs. By automating processes, we also cut down on the occurrence of human error, thus saving time and money. By cutting out redundancies, reducing waste, decreasing duplication, and streamlining labor-intensive tasks, BPM can drastically improve an organization's bottom line.

Increased Quality and Consistency

By adopting BPM in your organization, you are not only creating and enhancing processes; you are ensuring process standardization and reducing variability and unpredictability. This enables you to offer higher quality, more consistent processes tailored to your organization. In turn, these higher quality processes enable you to offer better services and products.

Summary

In summary, business process management is a way to maximize and manage organization processes in order to reach strategic goals. This is achieved by using a variety of tools and techniques designed to get the most from processes.

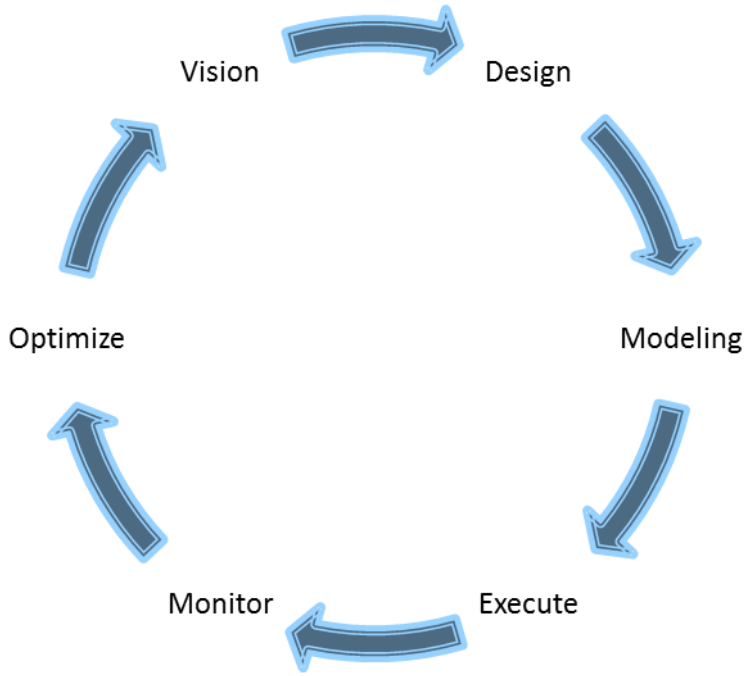
The Business Process Life Cycle

Introduction

The business process life cycle (BPLC) details how to create, improve, and enhance business processes. Its goals are increased productivity and efficiency, decreased costs, and better customer service. The BPLC focuses on changing processes in the effort to create value for process users (employees) and the people on the receiving end of processes (customers). In this session, we will introduce the BPLC. Later on in the course, we will focus on each stage in depth.

The Business Process Life Cycle

The business process life cycle looks like this:



Breaking Down the Model
Vision

This stage involves looking at the big picture of your organization. What do you hope to achieve? What are your strategic goals? Once you have answered these questions, you need to focus on developing and sharing a vision of the process(es) needed to achieve your goals. The Vision stage focuses on what components are involved in the big organizational picture.

Design

In this stage, you begin to design the processes you need to take your business to the next level. This stage focuses on how your business will implement its vision. You will need to concentrate on research and gathering information from inside and outside the organization.

In this phase, you will be asking questions like:

- What processes does our business currently have in place?
- What processes would we like to improve?
- How will we define improvement?
- How will we measure improvement?
- What have other businesses like ours done to improve their processes? What can we learn from their success or failure?

Once you have gathered information, the next step is to develop a model of your existing process. When doing so, you should try to see all of the activities involved with your process. Your goal is to create a flow chart that gives you a road map of the process you would like to improve. With this visual aid, it

becomes easier to see where your process is bottlenecking and what you can do to increase the productivity and efficiency of this operation.

As well, a thorough model of a process allows you to look at and manipulate different variables associated with the process in a risk-free environment. When manipulating your model, you should be asking yourself questions like:

- What if we cut out this activity in the process?
- Would that action simplify the sequence?
- Would it increase productivity and efficiency?

Modeling

In this stage, you will be reviewing the flow chart you created in the Design stage. Using this information, you will be conducting what-if analysis and testing the design to make the process as efficient and foolproof as possible before implementing it.

Execution

This stage is concerned with implementing the process and using process management technology to make your process more efficient.

Monitor

This stage is concerned with tracking the progress of your process and extracting data about the process using business activity monitoring (BAM) and process mining. Your goal is to identify potential problems and implement appropriate solutions.

Optimization

This stage involves looking at the information you have collected in the Execution and Monitoring stages to improve the process. Once you see the process at work, you can identify bottlenecks and implement changes to address these roadblocks.

Further Reading:

✓