

TOPIC 3: HOW TO IMPROVE THE EFFICIENCY OF YOUR BUSINESS OPERATIONS



IN THIS ARTICLE WE WILL SHOW YOU HOW TO USE BUSINESS PROCESS MAPPING (BPM) AND BUSINESS PROCESS IMPROVEMENT (BPI), TWO PROCESSES WE HAVE SUCCESSFULLY USED WITH TRANSFORM ENTERPRISES TO HELP THEM STREAMLINE THEIR BUSINESS OPERATIONS.



INTRODUCTION

One of the most common shortcomings I have encountered in over three decades of bringing business improvement to enterprises around the world, is a lack of focus by leadership teams on optimising business processes across the organisations. This is despite universal acceptance that sound business processes are fundamental to running a successful, competitive commercial enterprise. This unglamorous, yet essential, activity can help transform the performance of any business.

By a 'business process', I mean the way that the recurring activities of the business get done. Ideally, these should be optimised and consistent, so if two team members are doing the same task (such as processing a customer order) they do it in the same way.

Now, with this in mind, ask yourself if your business processes have:

01

Evolved over time and hardly ever been updated or reviewed in a structured way?

04

Been poorly documented, or reside only in the heads of a limited number of longer-term employees?

02

Been designed as solutions serving functional (or departmental) needs, rather than the enterprise's overall product/service delivery process?

05

Not been integrated with work practices, standards or operating procedures?

03

Contained duplicated steps, omissions, or bottlenecks?

06

Not been optimised to take best advantage of automation technology?

If this sounds like your organisation, then I have some good news for you, because it is a situation that can be readily changed if it is recognised by the senior leadership team as a commercial imperative and business value add, and can be owned by them as a core responsibility.

SO, WHAT IS BUSINESS PROCESS MAPPING (BPM)?

IN THEIR SIMPLEST FORM, PROCESS MAPS USE FLOWCHARTING TO PRODUCE A VISUAL REPRESENTATION OF ALL THE CORE ACTIVITIES THAT ENABLE YOUR BUSINESS TO FUNCTION. THEY INCLUDE THE ORDER OF EACH ACTIVITY AND ANY DECISION POINTS ALONG THE WAY (E.G., HAS THE CUSTOMER PAID- YES/NO? AND THE SUBSEQUENT PROCESS DEPENDING UPON THE ANSWER).

AS THEY TRACE EACH PROCESS FROM START TO COMPLETION, THEY ARE GREAT AT IDENTIFYING COSTLY BOTTLENECKS, DUPLICATIONS, GAPS, OR OTHER PERFORMANCE ISSUES. THIS OPENS THE WAY TO IDENTIFY IMPROVED WAYS OF OPERATING. PROCESS MAPPING WAS DEVELOPED FOR MANUFACTURING LINES BASED ON PHYSICAL ACTIVITIES (E.G., THE CUT, FOLD, GLUE STEPS IN A PRODUCTION LINE) BUT CAN EQUALLY BE USED TO MAP STEPS IN ANY TASK THAT YOUR BUSINESS COMPLETES.



SO HOW DOES **BUSINESS PROCESS IMPROVEMENT** DIFFER FROM **BUSINESS PROCESS MAPPING**?

Business Process Improvement (BPI) is the follow-on activity to **BPM**. Whereas **BPM** documents your current business process and practices as they exist today, **BPI** concentrates on improving them to be more efficient. In other words, moving your enterprise from its 'as is' position to an improved state.

But a word of caution; do not rush ahead to start business process improvement before you have completed the full mapping. The best basis for improvement is first understanding the state of the business as it is now, and so **BPM** should **always** be the starting point.



WHY SHOULD **BPM** AND **BPI** BE A PRIORITY EARLY IN THE LIFE OF A BUSINESS?

Processes (how things get done) drive every facet of an enterprise. Some simple examples of key processes that might be critical to any enterprise include:

- Sales of your product or services
- Customer payments
- Product returns and refunds
- Customer service
- Procurement and sourcing

Without sound business policies, processes, and systems in these areas of operations, your enterprise will (at best) be inefficient, ordinary, and uncompetitive. Trying to fix these problems at scale, or whilst growing rapidly, is hugely challenging plus resource intensive, and will adversely impact performance and growth. It is therefore far better to build in sound business processes as early as possible in the development of the enterprise. With effective processes in place, problems can be identified and dealt with early on, and your successes can be readily replicated.

THE ROLE OF SENIOR LEADERS

SET THE SCENE AND DEFINE OUTCOMES

Like most things in enterprises, the way things are done is at least as important as what things get done.

Starting BPM needs to be framed as a positive opportunity to impact both enterprise performance and job satisfaction – nobody enjoys resolving problems caused by activities that do not work as they should.

It is important to establish purpose and buy-in across the whole organisation, not just within the mapping team. This requires the endorsement of the senior leadership team who are responsible for providing clear objectives for the exercise so that the team know how success is defined. The steps to follow are:

01 THE SENIOR LEADERSHIP TEAM DEFINE THE BUSINESS ACTIVITIES IN GREATEST NEED OF IMPROVEMENT

If there is no obvious problem to resolve I tend to start with the process by which you acquire and serve new customers - the starting point of the relationship with your customers and the delivery chain that serves them. Through this lens you can examine areas like sales/order, fulfilment, payment, cash collection and downstream customer service.

Why? Because you are immediately beginning to define how you want your enterprise to run in the future, rather than simply unpicking the past. This means that you avoid any areas which have complicated legacy issues. For instance, maybe you agreed to terms for your first customers that you do not now offer to new customers. Focusing on only new customers reduces the complexity of having to map out many routes depending on the exact agreements you made. Complexity should certainly be tackled, but only once you have some experience in BPM – so, start simple.

02 IDENTIFY A SMALL PILOT BPM PROJECT

Once potential BPM projects have been prioritized, a specific area should be selected as a pilot to allow the team to develop their expertise and confidence before expanding the scope more broadly.

- The area selected for review should directly support a strategic goal of the organization — whether that's to enhance customer service satisfaction, improve operations efficiency, increase business scale, or some other goal.
- The process selected should be relatively straightforward and the outcome achievable within a few weeks (for example, 'review and map the product returns process'). However, it should still involve more than one departmental to test cross-functional co-operation.
- Clear timelines need to be set for the review and reporting process

03

APPOINT A FACILITATOR WITH PREVIOUS 'HANDS ON' EXPERIENCE

If there is no one suitable within the enterprise, hire an outside consultant with hands on practical experience in BPM and BPI and use the initial exercise(s) to build inhouse expertise for the future. An independent facilitator will also avoid the risk of internal bias or cultural inertia.

04

SELECT THE INITIAL BPM TEAM

This should consist of representatives from all the key functions directly affected by the selected process. The team should be kept as small as possible (ideally 3-4 volunteers) and tasked with conducting their initial review in no more than three one-hour workshops over the course of five to seven working days.

It is important that the senior leader overseeing the task provides a briefing at the start of the pilot, so the team feel empowered. It should be made clear that there are no things that are 'out of bounds' and cannot be changed.

05

TASK THE TEAM WITH PRESENTING THE RESULTS OF THEIR INITIAL REVIEW TO THE SENIOR LEADERSHIP TEAM WITHIN A STRICT TIMEFRAME - MAX 2-3 WEEKS

It is important that the SLT treat their role as not simply approving or rejecting what is proposed, but rather to listen, validate and use their experience to identify where any further investigation or validation may be required. A key goal from an SLT perspective is to engender ownership to the tasks and outcomes in the areas identified for improvement in the subsequent steps.



BUSINESS PROCESS MAPPING OPENED OUR EYES TO ALL THE LITTLE DETAILS WE WERE IGNORING. THOSE DETAILS ARE THE ONES WHICH CAUSE YOU PROBLEMS! ONCE WE MAPPED EVERYTHING OUT, WE FOUND THAT OUR TRUCK IS NOT NEEDED FOR THE WHOLE JOB WHEN WE SERVE A CUSTOMER. WE IDENTIFIED AN OPPORTUNITY TO SERVE MORE CUSTOMERS BY SENDING THE TRUCK AHEAD TO START THE NEXT JOB WHILE THE REST OF THE TEAM FINISHED THE LAST ONE.

- NICHOLAS KURIA, GENERAL MANAGER, PIT VIDURA, RWANDA

THE BASICS OF HOW TO DO A BPM

ALTHOUGH IT IS HIGHLY PREFERABLE TO RECRUIT AN EXPERIENCED CONSULTANT TO HELP YOU WITH YOUR BPM (ESPECIALLY IF IT'S YOUR FIRST) THE PROCESS IS STRAIGHTFORWARD AND THERE IS LITTLE DOWNSIDE TO HAVING A GO IF YOU FOLLOW A FEW BASIC PRINCIPLES.

1. Outline the big picture steps in the customer journey. For instance, in a new customer acquisition this could be:



2. Then walk through the process step by step documenting all the activities from the different team's perspectives. Mark on key interfaces where information needs to pass from one system or team to another.
3. Ask yourself if there are any other systems or processes which are doing the same job and mark these as duplicated processes.
4. Check if there anything that different staff members do differently within the same activity (e.g., does everyone use the same system to record sales and give the customer the same information)?
5. Ask yourself if there are any processes that are not useful to any team – anything happening through inertia and is just getting done because it always gets done.
6. Look for any gaps – is there anything that is not documented because it just exists in someone's head?
7. See if there are bottlenecks or ways to improve the 'handover' from one team to another. Ask each team what they need from the process. Remove anything that is not needed.
8. Think about any jobs which are done manually which could be automated.

It is important to finish the whole map before you start to think about how to fix the problems you have identified. It is very motivating to have spotted a way to improve the business early on, but you will exhaust yourself if you try to tackle all the issues as you find them. Instead, finish the map and then prioritise which areas you would like to focus on improving based on what causes the most issues or what would have the biggest return on investment.

Always keep in mind that there are no 'right' or 'wrong' answers, since the idea is to document all the ways that an activity is currently performed and there will be differing perspectives and methods. All inputs are valid in creating the 'as-is' map. If this rule is not respected, then activities will be missed, and team morale and effectiveness will be reduced. Do not be misled into thinking that you need technology to drive the process, as much can be achieved by a motivated team wielding nothing more than coloured pens, flip charts and a few well placed 'Post It' notes. With these basic tools and some enthusiasm, it is possible to tackle process mapping for the first time, even in a remote environment without power.

From my personal experience of process mapping, when the teams initially come together from their various departments within the organisation, they are confident that they know how their function operates and interacts internally and externally. They also think they know the cause of any problems that need fixing. That is until they are taken through the mapping exercise; when duplicate versions of the same processes may emerge, or multiple data entry and recording points (databases) are identified and bottlenecks and gaps become obvious. There is usually a 'lightbulb' moment where the tone becomes sombre and somewhat intense, as everyone realises the significance of the task they have taken on. After this, attitudes change, focus intensifies, departmental boundaries begin to melt, and teams really come together with a sense of common purpose. This signifies the transformation of the BPM team into BPI advocates and champions.



Some common things to watch-out for if your wish to get the most out of the BPM sessions

- Meetings start on time and operate to an agenda set in advance (discipline)
- The mapping process is completed before attempting to start fixing the identified problem areas are attempted (a common trap)
- Action plans are developed and delivered to agreed timelines (outcomes)
- The forum is inclusive and allows contributions from all team members, however limited they may be, and all are valued, encouraged, and objectively assessed (skills mix)
- Cliques or hierarchies are not allowed to develop within the team (teaming)

BPI FOLLOW ON

ONCE YOUR MAP IS COMPLETE, THE GENERAL PRINCIPLES OF BUSINESS PROCESS IMPROVEMENT ARE TO:

1. PRIORITISE WHICH STEPS IN THE PROCESS MAP YOU WOULD LIKE TO FOCUS ON TO IMPROVE.
2. CREATE IDEAS FOR HOW THESE CAN BE IMPROVED.
3. PRIORITISE THE IDEAS THAT YOU THINK ARE MOST LIKELY TO BE EFFECTIVE.
4. TEST THESE IDEAS IN REAL LIFE AND REVIEW THE RESULTS.

The areas you choose to prioritise will vary depending on the key objective you are trying to achieve. For instance, if your main objective is cost savings, you may select a different step than if your objectives were to reduce complexity for staff or to improve customer feedback. If you are unclear on the key business objectives that you should use to prioritise your next steps, then you must check back in with the leadership before continuing the exercise.

Before testing your ideas, you should consider:

- Producing cost and time estimates for any proposed changes (budget)
- Establishing an overall Return on Investment (ROI) for the improvement (through increased sales, low costs, improved margins etc)
- How the impact/success of the changes can be measured using KPIs (the basis for assessing and rewarding the success of the BPI team)

Remember that you must ensure that the 'as is' mapping process is properly and fully completed before attempting to fix identified problem areas. A common trap that teams fall into is to immediately start trying to solve the first bottleneck or duplication they identify, often driven by the desire to demonstrate progress. However, you do not really know the extent or cause of a problem, nor the effectiveness of the fix or its impact on other parts of the process, until mapping is completed. It is very likely that fixing another part of the process should be the priority and this only becomes obvious once the whole map is complete.

Finally, wherever possible, the same BPM team should lead the implementation of the improvements that they recommended and be responsible for the outcomes. The reasons for this are obvious in terms of knowledge and understanding, although it may be desirable to add additional skills to the BPI team, depending upon what is required for the fix.





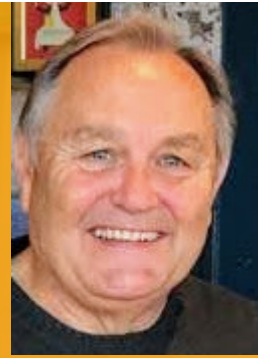
Note about the author:

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Since 2016 he has focused his attention on sustainability in the WASH sector: first developing a suitable business model and local management team at Clean Team Ghana - then an NGO owned home container base sanitation (CBS) service in Ghana's second city Kumasi - and subsequently helping successfully adapt the model to other home sanitation businesses in Peru, Haiti, Rwanda, Madagascar and most recently, the Philippines.

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