

UNIT 15: MANAGING BUSINESS ACTIVITIES TO ACHIEVE RESULTS



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LO1: UNDERSTAND THE IMPORTANCE OF BUSINESS PROCESSES IN DELIVERING OUTCOMES BASED UPON BUSINESS GOALS AND OBJECTIVES.



» THE BASIC SYLLABUS



1. Understand the importance of business processes in delivering outcomes based upon business goals and objectives.
2. Be able to develop plans for own area of responsibility to implement operational plans.
3. Be able to monitor appropriate systems to improve organisational performance.
4. Be able to manage health and safety in the workplace.





» LEARNING OBJECTIVES

- » Understand the importance of business processes in delivering outcomes based upon business goals and objectives.



- » At the end of the class the students should be able to:
- » Justify the methodology to be used to map processes to the organisation's goals and objectives





» OVERVIEW

- » Business process mapping provides business leaders with the opportunity to clarify how processes are actually being performed. It reveals problems such as bottlenecks and variation in how the process is performed by different groups or individuals. Leaders can also find out if the way the process is actually done differs from the way that it should be done. Creating a process map, also called a flowchart, is a major component of Six Sigma process management and improvement, but can be beneficial even without the full framework of Six Sigma.





» Principles and models of effective process management

- » Long-term business success and profitability is directly related to the strength and quality of your business processes. Well designed business processes are as important as expensive machines, location and design of your facilities, and price/performance of your IT infrastructure.
- » Business processes are, for the most part, transparent even though they direct the activities – in a good or bad way – of your organization every day. You can elect to invest in good business processes or not. The leadership of a well run business has elected to invest in good processes along with the necessary training and support to implement them effectively.





» Principles and models of effective process management

- » The 6 Principles of Good Process Management that can be used to improve productivity, efficiency and profitability of various organisations are as follows:
 - » 1. Business processes should be documented.
 - » “We know what we are doing!” This was the answer from a department when the question about their process documentation? In this example the group relied upon employee preference to define the business rules, which varied from day-to-day and situation-to-situation. Process documentation also provides a basis for cross training and relieves the trainer from knowing all of the procedures and serves as a resource for the new employee when more experienced people are not available.





- » **2. Actual performance should agree with process documentation.**
- » In a number of other cases documentation did exist but was not complied with. This was a supervision problem where process compliance was not a priority. This is just as bad as no documentation as it tells everyone that doing the job, as the company has defined it, is not important which leads to other issues such as relaxed attitudes toward productivity and quality.





» **3. Processes should support the goals**
» **of the company.**

- » Once developed documentation can last for a long time but the goals of the company may change more regularly. Goals to turn around orders faster, increasing throughput and production velocity, instituting higher quality standards may conflict with current (and aging) documentation. Unless the process is updated the organization will continue to operate under the old instructions and the goals will not be met resulting in management and employee frustration. When goals change the process documentation must be reviewed to reflect the new process designed to meet or exceed the goal.





» **4. Every process should have an owner.**

- » A process without an owner is lost. No one is responsible to make sure it is accurate or that it is complied with. This does not need to be a manager but someone with the responsibility and authority to make changes to it as conditions change – new goals, improved operations, incorporating employee suggestions for more efficient practices. Without ownership there is no attention or regard for the process.





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» **5. Process effectiveness and value should be reviewed at regular intervals.**

» A process should be regarded like any piece of capital equipment or building where they are inspected at regular intervals to make sure they are operating at the highest level possible and are not at risk to the interests of the company. The review should involve those operating under it as well as those that feed it or receive output from it. Attention should be applied to compliance, effectiveness, and ideas to incorporate employee suggested improvements. Unless the integration of your business process is reviewed regularly you run the risk of unexpected surprises (crisis) that can affect cost, quality and more significantly the experience of your customer.





» 6. Measure key processes.

- » Key or critical path processes should be measured to make sure they are operating under control. This can be done at the work cell level using visible charts maintained by those working in the work cell. A quantitative value assigned to a process can provide a quick measure on how that process is performing day-to-day in supporting the goals of the group, department and company.



» TYPES OF BUSINESS

» PROCESS MEASURES

- » Process performance measurement tools and techniques applied to enterprise environments are essential for enterprise continuous improvement. It is the reason why the next generation of process management leads to Process Performance Management or Corporate Performance Management. The phrase Corporate Performance Management (CPM) was coined by Gartner Group to describe the combination of process, methodologies, metrics and technologies to measure, monitor and manage the performance of the business. The often-cited phrase: “ If I can not measure it, I cannot manage it” can be motivation for the organisation.



DEFINE
MEASURE
ANALYZE
IMPROVE
CONTROL

» **1. Get tight with the business**

- » When it comes to business process measurement, it's imperative to have a solid handle on the business because this drives the goals and metrics of your program. Ensure that senior executives from the business are participating in your business metrics program from A to Z, as well.



2: Understand Internal Barriers

Even with the right sponsorship and stakeholders on your side, the plain fact is that some companies are culturally resistant to change and resistant to measurement. It's possible that resistance comes from a fear of accountability, says Adrian Cook, managing consultant in business transformation with PA Consulting Group in New York City. If you support a measure to answer all customer e-mails within 24 hours, then as a manager, you must figure out how to enforce it in your department. Dig into the cause of any resistance before you get too far down the road.



» 3: Measure a few things well

- » When starting a metrics program, select a few measures (or even a single measure) of high value to your business in the short term before you get started on long-term measures. According to Cook, there are three buckets of metrics: customer, financial, and operational. Right now, anything related to finances will get the attention of your senior management. "Today, people are mostly talking about liquidity and cash flow, the financial and economic measures."



» **4. Don't take the easy way out**

- » Determining what to measure sometimes means taking the hard road, so be prepared to meet that challenge and present the business case to senior management. "A lot of organizations fall into the trap of measuring what you can measure, but [those processes] may or may not be the right ones to measure," says Michael Halperin, founder of business process management consulting firm Freebridge Services, in Southborough, MA.

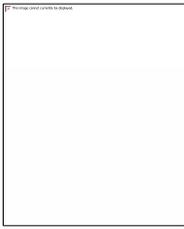




» **5: Get the balance right**

- » Your goals for a metrics program will depend, naturally, on the focus of your business. For instance, a company might have a highly efficient process but the effectiveness (the end product) is terrible, says Kazakos, who led business process reengineering efforts at Xerox and IBM. Conversely, a company might have a superb, high-quality product, yet it costs way too much and/or takes too long to produce it. "What you want to do is to balance the two, and it's a tricky balance," he says. You'll need to understand from business leaders which outcomes are most important in the final analysis

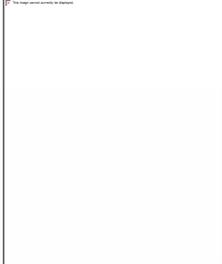




» **6: Use benchmarks appropriately**

- » Industry benchmarks are helpful but be careful that you don't sacrifice your brand or product to meet a benchmark by, for instance, cutting corners to save money. "The caution there is not to apply the industry benchmark to the thing that makes the business unique from a value or brand perspective," says Ric Merrifield, author of *Rethink: A Business Manifesto for Cutting Costs and Boosting Innovation* and a senior executive at Microsoft. As well, experts warn that some benchmarks may simply be too broad and will need to be adjusted to your specific business proces





» **7.Talk to customers**

- » Who knows better about what is working -- or not -- than your customers? Instead of assuming what are the top broken processes, conduct formal or informal surveys of your customers to find out their key complaints. You might be surprised at what you learn.





» **8. Use standard tools**

- » Process measurement and metrics programs have been around for quite a while, so don't reinvent the wheel. Activity-based costing (ABC), TQM (total quality management), Six Sigma, and ITIL (information technology infrastructure library) are a few of the established methods that large companies have used for years to track and improve processes. However, small businesses with limited budgets to manage such programs will have to get creative. Consider the value of free or low-cost tools, such as Lean6 Six Sigma Tool 60812, for monitoring service and manufacturing business quality, or various Web measurement tools to help determine how well (or not) your processes are working for customers online



» **9. Don't forget about IT metrics**

- » Once business process metrics have been defined and implemented, it's IT's job to determine how the infrastructure needs to be tweaked to support key performance indicators and other goals of the program. "Which systems or points need to be up, based on critical business functions?" Halperin asks. Depending upon the business, this could be e-mail, a sales system, a claims system for an insurance provider, and so on. To prioritize your efforts, it's important to understand the financial impact to the business of those systems being down.



» **10: Hire a consultant with**
» **specific expertise**

- » Unless you have a highly sophisticated IT department with process and analytics experts, you might need some outside help with your first metrics measurement program. To keep costs down, stay focused with your outsourcing. "I would recommend starting with a consultant who knows a method, make sure you train some of your own people on the method and tools, and go forward from there," Merrifield says.





» REVIEW QUESTIONS

- » The success of any business depends on the ability to communicate the core functions and the key activities of the business as well as how to processes and activities interrelate and the directional flow.
- » Using the following core process of Paints Ltd. State the key activity that each unit would perform.
- » Finance Department
- » R& D Department
- » CRM Department
- » Marketing Department
- » Sales Department
- » Production Department
- » HR Department
- » Planning Department
- » Logistic Department
- » Quality Assurance Department





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