Business Process Optimization - Where do I start?

Most companies today are well aware that their Business Processes are key to their competitive success. They also know they are central in acquiring new customers, keeping existing customers happy over the long term, all while reducing expense. To that end, the typical company has applied substantial effort to identify and, at a minimum, document their processes. Often the next step is to send the process experts off to analyze and optimize the processes within the company. The benefit of this is that you have the best people looking at improvement across the organization. But there are two key reasons why this approach only has, at best, a short term benefit:

1. These experts have other critical job functions in the company - having them focus on Process Optimization across the company can only be done in short term bursts. This doesn't achieve the underlying goal of "Continuous Improvement" to gain and maintain the competitive edge.

2. This approach has the effect of making optimizations to all processes. That means the ones that would have the biggest leverage are not easily recognized, and much effort may be spent optimizing processes that aren't necessarily going to provide the best ROI given the time investment of these key personnel.

So from a corporate oversight perspective, doing some prioritization to determine which processes should be the focus of these efforts is simply the best approach. But how can you be sure you are making informed prioritization decisions?

In parallel, companies often spend considerable time developing elaborate Strategy and Objective models and even often tie compensation to achievement of these objectives. Just like Business Process Optimization, these objectives are typically measured against the competitive landscape with an eye towards new customer acquisition, increasing customer retention and expense reduction. Often, Business Intelligence systems are applied to help with the monitoring of these key performance indicators ("KPIs") in order to compare results against goals. But with this approach alone, once a KPI measurement is seen to be outside the optimal range, decision makers often have the following limitations:

1. It is often difficult to tell exactly which process is underperforming and therefore where to apply the action plan.

2. It is even more difficult to tell who the best person is to assign to solve the issue.

What often happens is that business intuition is relied upon in generating an action plan to solve the issue. Sometimes this works well, but sometimes even the most knowledgeable decision maker might miss subtleties that would otherwise point directly to the problems.

This all sound too familiar?

Process Performance Management - Big Benefits

What we have seen work well is the combination of these two disciplines which provides direct benefits of solving the real problems, while creating an environment for Continuous Improvement. We refer to this method as Process Performance Management.

By creating an Enterprise Model that includes Strategies and Objectives along with the KPIs to measure actuals against, in combination with a Processes Landscape (as well as supporting objects like Resources),

the KPIs can be integrated into the Process definition and optimization efforts (which includes assignment of Process responsibility). Then dashboards can be created which monitor the actual KPI values to compare against objectives. Now, when a KPI is out of range, it is a simple click to determine which process is causing the issue and who has the responsibility for addressing the issue. The result is that the decision maker has critical information at hand to prioritize the Business Process Optimization efforts to achieve established goals. Note that this method is independent of which processes have been fully automated since many of the critical business processes will always require human intervention. Key advantages of this approach include:

- Process Optimization efforts and methods (i.e., Six Sigma, Lean, etc.) can be easily tied into the corporate strategies and objectives
- Issues are shown in the context of the Processes which allows for much quicker analysis of the problems and development of action plans and responsibility assignment
- Models can be developed at varying levels of depth, allowing for increasingly more granular analysis to   pinpoint critical issues
- KPI goals can be tuned and adjusted with immediate feedback as to what must improve to achieve these new objectives. This means that Continuous Improvement becomes part of the culture and it is always targeted at what is critical
- Dashboard information can be rolled up based on role in the organization, which allows for the right information in the right hands, at the right time

Right Model + Good People = Great Results

In conclusion, having such a system and model in place allows you to know exactly where to start with Business Process Optimization. Further, it optimizes the old adage about hiring the best people, give them the right tools, and get out of their way. With Process Performance Management tools in their hands, you can apply the best people to the most important problems and get the results you desire.

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