Developing Business Processes as Business Assets

By David Winders

A clear view is essential for good business design

Abstract: The way a company does things is often called its business processes, and capturing these business processes, and recording them, is a common procedure for serious companies. The recorded processes are useful for demonstrating to regulators, or those doing due diligence, the way the company operates. Once recorded in a suitable software package, the processes can also be stress tested and modelled, for further optimisation or experimentation. Along with a company's products, people, IT systems, customers, and suppliers, its recorded business processes form an important part of the company's total value bundle, and so should be treated as a real asset. As with all assets, however, recording business processes comes at a cost.

Drawing diagrams of business processes is a well-known and common activity in many commercial, and non-commercial, organisations. It is rare to find enterprises that do not have some process maps somewhere in the organisation except perhaps in micro-businesses, where individuals operate on their own, or in small teams interacting very closely. Process mapping is one of the first steps in understanding how things are done in an organisation, and sets the foundation for process improvement. It has become a hygiene requirement for any company embarking on a journey to develop its processes into business assets.

The journey of maturing business processes is a long one, and like all journeys it is helpful if you know where you are going before you start, else a few wrong turnings are going to be taken, and then wasted time, energy, and frustration will surely follow.

Process Mapping: essential for understanding current processes, and planning future improvements.

Typical pitfalls
Many organisations start process mapping in a piecemeal fashion without really planning how this technique will develop over time, and what the longer term benefits may be if the activity is thought through in advance. In financial services, mapping is often carried out reluctantly, and then often as a result of regulatory requirements or compulsion i.e. the requirement to demonstrate financial control. Secondly, there may be existing sets of maps that have come out of I.T. projects, where business analysts have tried to define business requirements by mapping the process.

Always use the right map for the right journey.

In both these examples the maps will have been drawn to illustrate a theme, and therefore will not necessarily be fit for purpose for another requirement. They may have been drawn in different formats, using different tools, using an alternative language, and with definitions that don't adjust well to reuse or leveraging benefits. It is not uncommon to see departments which have, over a few years, had their processes mapped several times in various disparate initiatives where a little thought in advance would have saved considerable and expensive duplicated work.

When you have a meeting with a supervisor or team leader and ask to see their process maps, and twenty minutes later they appear with some moth-

eaten folder, then you know that process mapping has not been leveraged to its full potential.

There can be a tick box mentality over process maps where people throw them to one side , and just get on with the job. The danger with this is that people think by having carried out a mapping project of some sort they have their processes managed, and have got this "process management thing licked". Mapping some tasks in a department is only the very beginning.

Such organisations manage by function, not by process, and the presence of a set of maps does not always suggest evidence of the beginnings of a basic level of process management maturity. This sort of approach to business process management is a "precursor state" which is a polite way of saying that the business does not really manage its processes as business assets at all. An American associate of mine remarked recently that these businesses were best described as "ramshackle" businesses; a little harsh but unfortunately true.

There are more benefits to process mapping than just ticking a compliance box.

Selecting an approach
In simply using the brief examples in this article we can see that business process mapping has benefits to several stakeholder groups: process managers in improving processes; compliancy departments in proving competent management controls; I.T. people for defining system implementation.

Business process maps are therefore an asset to the business, particularly if mapping is carried out according to a plan with a destination vision, within the constraints of a target operating model. This longer term view needs a cultural acceptance of business process mapping as a component part of a business process management journey, with the ability to sit back, reflect on where the business sits today, position where it wants to get to, and then plan a pathway forward in an appropriate manner using mapping as an enabling tool.

One approach to this is to measure the business against a maturity model, to understand what different levels of maturity entail, and decide what level of business process management is suitable for your business. A maturity model is a graded set of evaluation criteria that can be used to benchmark the business. It is best to use one that has criteria based on observational data rather than a subjective one based on opinions, as senior managers often have an over-confident view of how good their operations are. It is much more valuable to confirm the presence of a particular artefact by seeing it in action, rather than relying on a manager saying, "Yes we have that in place" when perhaps in reality what he or she thinks you mean is something quite different.

The observation of reality is a more accurate evaluation tool than reliance on subjective opinion.

One of the things we have to be careful with the maturity model approach is that organisations think their aim is achieving a high level. In real life, the level one needs to achieve will be different for each organisation. Some support is needed to assist business to understand what achieving various levels of maturity means; when people are at an early stage this can be difficult for some to visualise and put into context with their operations.

Appropriateness is the key word here. High levels of process management maturity are not for every business; the sophistication, the management of costs, volumes and repeatability of transactions are all factors in making these choices. Organisations with high volumes of repeatable processes

with reliance on thin margins will require higher levels of maturity. On the other hand, professional offerings, where each and every interaction is potentially different, will be best served by a more moderate approach. The only thing that is abundantly clear is that some level of process management adds value to all organisations.

Once the final destination or maturity level of process management development has been decided upon, then it is necessary to make some foundation decisions to make sure that each step in a process development plan is catered for. This involves the choice of standards, tools, and a process control strategy that need to be in place to make the journey effective and less costly.

A word about software tools

Choosing the wrong software can be a costly mistake.

One lesson I have seen learnt many times is that the wrong choice of tool costs money. It is necessary to choose a tool that can mature with you as your own sophistication and grows. It is so easy to use a cheap drawing tool early on in process development, when a basic visual explanation of processes is required, but then to find that you have to start all over again when you need to progress into modelling and simulation. Conversely, purchasing multiple licenses for some complex case tool, costing several thousand pounds a seat, to draw some basic maps doesn't make sense either.

The best tools are those that can grow with you, that provide the foundation for later work, and these are best described as layered tools. Layered tools give the opportunity to use less expensive versions earlier on but still enable early work to be leveraged when embarking on simulation, statistical analysis, and central storage. Layered tool sets are rare, as packages seem to be aimed at specific tasks such as drawing, process modelling, simulation, statistical process control , and enterprise modelling. This means different packages being necessary for different tasks, some of which demand repeating the data entry, making the cost of labour substantially higher than the investment in buying the packages in the first place.

Layered toolsets allow for business growth and developing maturity.

One of the best examples of a layered toolset is the offering from IGrafx, a company that is part of the Corel Corporation. They market a suite of process management tools that build up on top of each other in a layered approach, based on solid process architectural credentials, and these tools are built for business process professionals rather then I.T. specialists, this being their strength.

At the entry level IGrafx offer a modern version of the well loved ABC Flowcharter, now marketed as IGrafx Flowcharter, where processes can be drawn and then, if required, modelled. This sensibly priced tool has the underlying data capture to perform process modelling, making drawings that have logical integrity; drawings are art and models are science. Flowcharter allows you to progress from drawing to modelling.

Differences between drawing and modelling

Models have to work and be absolutely rule-driven whilst drawings are produced to communicate an idea or depict an interpretation. A basic drawing tool like PowerPoint or Visio can't test the logic of a model; you can draw anything you like but it might not work or indeed make sense. So

using a basic drawing tool causes our pursuit of business maturity to falter once we want to move beyond the basic drawing phase into modelling.

Once we move beyond modelling the "As Is" and start coming up with potential "To Be" options it would be handy if the models we have built in IGrafx Flowcharter could be reused in other simulations, to experiment with different ideas. To do this we can use the next product in the IGrafx tool set, IGrafx Process. This package allows us to model an entire process or department and generate work in various ways, allocate resources, and see what happens. Different scenarios and events with different volumes or staffing models can be tested with the benefit of being able to reuse the work carried out earlier in the basic Flowcharter tool.

If your organisation has decided to progress into six-sigma then IGrafx offer Process for Six-Sigma which interfaces with the popular statistical analysis package, Minitab, enabling variations in the modelled process to be explored, and how this impacts on the experience of the customer, which again uses all the previous work undertaken in IGrafx Flowcharter or IGrafx Process.

Mapping -
  Drawing -
    Modelling -
      Simulation.

IGrafx also offers Process Central, a storage capability for the process models you create with version control and auditing capability, allowing compliance with quality control frameworks. The benefit of this is being able to know that the process map you are looking at is the most up-to-date version, who produced it, and when it was modified. If you have decided to go down the road of process ownership within a management system then this approach is essential. A central repository like Process Central overcomes the all-too-common situation of maps hidden on drives and in drawers all over the business. I know of companies where suites of existing maps have only been identified months into a project, much to the annoyance of a team of business analysts who have spent a vast amount of time re-doing work that was already done!

The layered approach described here, using this particular tool vendor as an example, links nicely with the process development maturity model technique for developing processes as real assets to your business.

Getting started

Most organisations who express an interest in developing their business processes as assets, and improving the experience for their customers, need some external help. The cynic might say, " Well, I would expect consultants to say that," but when you work within an organisation for years, as many managers do, it is difficult for them to see how things might be done differently. There is a tendency for staff to become introspective in proportion to their length of service.

Outside help costs.
  Pay now, save later.

The need for outside help is even more valid in situations where people have no exposure to different ways of doing things; there is an old saying, "If you always approach the same problem in the same way, don't be too surprised if the same results occur time after time."

The advantage of getting some advice up front, and being mentored through the journey is that each step you take will benefit the next, giving you the benefit of saving money by avoiding blind alleys and work that gets thrown away because it is not fit for a higher purpose later on. External help need not be onerous in cost if you address it stage by stage getting help when you need it fittingly ensuring value is obtained at each and every stage.

Consultants and expense

Consulting need not be expensive; it is like everything in life where there is a value curve that levels off beyond a certain price level. Big brand names with equally big day rates give no more real value that good solid professionals who know what they are doing, working in a collaborative network. At least you won't get a team of recent college graduates telling your senior managers how to run your company. Larger companies often feel more comfortable with big names as they like to impress the city with their choice of partner, but I ask you to question the logic of paying double for potentially less.

It is recommended that, as a minimum, you start with a brief business process management assessment based on a maturity model, and decide to what extent you are going to develop your processes as assets of the business. A fixed price can often be negotiated for undertaking this start up piece of work giving you the benefit of keeping your consultancy spend under control, and many consultancies will do this at a subsidised cost as a means of establishing their credibility and building an ongoing relationship.

Consultant rates vary , and the Big Brands won't necessarily do a better job. It pays to shop around.

Developing the theme

Once this initial benchmarking exercise is in place, explore with your mentor what benefits may well be achieved by investing in moving up the maturity model, and what level of business process management is appropriate for your business.

He or she can then help you formulate your target operating model which you can use to communicate to stakeholders and colleagues as to what you hope to achieve. A target operating model is usually in the form of a document which explains to chosen stakeholders, from their own viewpoints, what the business will look like at some time in the future.

Once the target operating model is signed off, planning can commence and a business case formulated to obtain permission to move forward with your business transformation programme. Your business process architect consultant can help you with this or you may have an experienced project manager in the organisation that can carry most of the work load with some guiding assistance.

The benefits of the whole programme will be lost without investment in staff training to ensure continuity of the new processes.

Whether you continue to use a consulting resource for the programme itself will depend on the skills of your current staff. If your people need to develop their skills in lean process improvement, upgrade their capabilities using your external helpers to train the capability into your organisation's own people. Many programmes fail because external resource is used virtually exclusively for implementation, and when those skills move on, the company may revert back to how it used to be, which wastes all that investment and energy.

The message of this article is that processes are assets of your business and require investment like all business assets and that some external help is nearly always needed to develop that step change in thinking and approach. The final point is that external consulting has a cost, but if it is managed in a sensible way you can realise substantial benefits and transform your business into one that your customers will appreciate and recommend to others.

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