Build Sustainability in Business Process Improvement Initiatives

_Everything should be made as simple as possible, but not simpler._

Albert Einstein*

1. Introduction

Many organizations adopt initiatives to improve business processes in order to achieve superior governance in operational matters (less so in areas such as strategy and innovation). Such governance implies focus on three areas: effectiveness, efficiency and compliance.

The customers of an organization are mostly interested in how effectively customer requirements are met when a service or a product is delivered. Government regulators are only interested in compliance with regulations. However the stakeholders – board of directors (or trustees), management and employees of an organization – have to address all three: efficiency (maximum output for minimum input), effectiveness and compliance.

Stakeholders are the custodians of governance for the organization.

1.1. Process Based Methodologies – an Alphabet soup!

When organizations address operational governance, typically they deploy certain established methodologies. For effectiveness often ISO is cited, for efficiency they may employ Lean and Six Sigma and for compliance COSO (for financial controls) and COBIT (for IT controls) or even ISO (for other kinds of compliances) are adopted. Organizations that are IT intensive may also employ CMMI for IT software development and ITIL for IT support.

These methodologies are all process based. **Process management in an organization therefore will underpin operational governance in the same.**

*(All acronyms are explained in the glossary at the end.)*

2. Sustaining a Process Management Environment – the Fly in ointment

Even though organizations deploy process oriented methodologies, there are varying degrees of successes. Success cannot be for initial deployment only. Success has to be measured against the sustainability of such deployments as well.

Success of a deployment derives from the design of initial deployment of a methodology as well as how routine procedures are practiced for day-to-day business operations. It’s just like the quality of a car. The true quality of a car is not just measured when it’s new. It has to be measured also when a car is several years old.

That is why Consumers Magazine in US and Canada also publishes reliability data for cars that are as long as ten years old. This is where typically Japanese cars excel – recent problems of Toyota notwithstanding. Hence Japanese car companies have been least affected in the recent economic meltdown. It is also no surprise that Japanese car companies have a very strong focus on sustainable business processes to ensure superior quality.

http://www.ioptsyn.com  
*Phone: 1 416 569-1362*  
Sukumar Roy  
sroy@IOptSyn.com
2.1. Initial Design of Process Management Environment – Less is better

The initial design of a process management environment has to be made simple. The author was asked to take over ISO 9001 program management in a service organization. ISO auditors had already cited the organization for noncompliance due to obsolescence of ISO documents because they were not addressing current business practices. The documents were managed electronically through software which had built-in workflow engine for reviews and approvals.

This document environment was far too complex. For about a thousand employee organization, it had 82 standard operating procedures (for processes), 224 work instructions and 382 forms. Many of these documents also had innumerable and complex links to others – some with thirty or more!!

Hardly any in the organization cared about the complete set of documentations. Many documents were not even reviewed to address changes in business practices for as long as ten years!

When it became necessary to migrate to ISO 9001-2008, the documents were to be cut back to half or less. Also the documents were to address current business practices in a simplified manner.

Designing a simple environment is absolutely mandatory in order to have any sort of control over such a program. Less complex and easily accessible environments become more acceptable in the organization since they are less demanding for administrative tasks needed to sustain the environment. Too much complication in the environment leads to lack of interest.

2.2. Selection of Methodologies and Standards – Hammer anyone?

One needs to ensure that appropriate methodologies are applied. Just because a hammer is available should not make everything look like a nail!

The author worked on an ITIL deployment consulting project for a very large financial company in New York where IT personnel number in the thousands. Since IT (for software development as well as support) is their mission critical business function – they needed robust deployments of CMMI as well as ITIL. However, if an organization installs purchased software and is also IT intensive, methodologies such as CMMI may not apply – although ITIL to support IT implementations will.

It is also not mandatory to deploy a methodology to its fullest extent. One needs to address business needs and availability of resources to determine the nature of deployment and to sustain the same. However, certain fundamental principles of a methodology will have to be in place to deploy and to sustain – such as the requirement for support infrastructure mentioned below.

When the author was asked to implement formal business processes in a medium sized engineering and construction company, basic elements of Lean Manufacturing and Six Sigma were adopted. This strategy was applied since deploying a full-fledged Six Sigma program was not in the cards.

However, the company also has a division that supplies new and refurbished electrical equipment for Canadian nuclear power plants. Even though the company has ISO registration, it has to maintain and practice more stringent CSA standards required by the Canadian nuclear industry. The processes have therefore been developed to also address CSA standards adequately.

http://www.ioptsyn.com
Phone: 1 416 569-1362
Sukumar Roy
sroy@IOptSyn.com
The author was a team member for an ITIL deployment that failed miserably. There was no formal support structure, no ownership and no visibility. There was little interest within the organization—a mining and metals company—for a more stringent ITIL based IT support since IT was not considered to be a critical business function. Though the failure did not grossly impact the organization, the significant effort and expense of ITIL deployment were totally wasted.

2.3. Provision for Strong Supporting Infrastructure – Osteoporosis is undesirable

No process methodology should be deployed without creating a formal support infrastructure for the methodology. A support infrastructure essentially includes a number of well-defined roles (and how they interact), such as the champions, process owners and others depending on the nature of the methodology and the organization. While the roles are not necessarily dedicated, they have to be formal. The support infrastructure also has to be guided by prescribed policies.

Such an infrastructure is created only when there is a formal and no-nonsense commitment from the uppermost levels of management—ideally from the board. This commitment is not just for initial deployment; but for sustainability as well. The size and the complexity of an infrastructure have to address business requirements of course. **Without a committed and formal support infrastructure, any deployed methodology will gradually wither and die eventually.**

This author was in a successful Six Sigma program for a large mining and metals company. The program was headed by a Vice President and its deployment was approved at the board level.

2.4. Enforcement of Ownership Roles and Accountability – Cracking the whip!

Most organizational structures are functional hierarchies. However, processes cut across functional silos. This causes a mismatch between formal job functions and process roles. This mismatch seems to be least understood by Human Resources departments. If Process Owner is a formal role, the job description has to identify process ownership and accountability.

Pride of doing a good job notwithstanding, good results are seldom achieved without adequate enforcement. Absence of enforcement results in lack of interest that leads to lack of controls—it’s that simple. Enforcement of accountabilities must be practiced at all levels—no exceptions.

Enforcement also provides an automatic and ongoing audit for the process itself. If a process owner is responsible for the process KPIs that are out of kilter and there is a lack of action to correct them, his/her manager should ask why. Making corrections puts the process back on track.

2.5. Use of Enabling Tools – Tools accelerated development of Homo Sapiens

All process environments need some kind of technology tool to manage the environment. The software tools should allow process workflows. Workflows direct and compel tasks to occur in the manner that was designed; along with provisions for exceptions, reminders, escalations, etc.

- Without a workflow engine, it is hard to determine if a business process is routinely working as expected.
- Tool configuration and use should be simple also, or else people will catch tool phobia.
- Workflows will generate KPIs needed to monitor and manage processes.
The author has implemented various workflows for major sales and operational processes using collaborative technology tool with the help of IT departments.

2.6. **Key Performance Indicator (KPI) Management – Ignorance is NOT bliss**

Processes need to be in control to ultimately ensure organizational governance. Process efficacy is determined only through measurements of KPIs. **3M Principle** applies here – Measure to Monitor-to-Manage. A process that is not monitored cannot be managed; and one has to measure to monitor process health. KPIs are also generated when workflow tools are utilized.

Management of KPIs should be automated as much as possible. Often Excel spreadsheet based KPI management and display are used for controls. Not only is this manually intensive, it also has the potential for data corruption and thus controls lose credibility. A properly designed business intelligence system getting data from well-established business software will be a better way.

2.7. **Human Resource Management – Heed Abraham Maslow**

People are typically averse to a change at workplace; more so if it is not well understood. This is particularly true for Process improvement, sometimes in spite of diligent Change Management. As an Industrial Engineer and Operations Research practitioner or a Six Sigma Black Belt or ITIL and ISO implementer, this author is well aware of organizational apathy to process improvements. All Change Agents who press for changes – at times radical changes – therefore face special challenges.

In addition to the needed constant effort to raise visibility of any change program, the management should also address the special needs of Change Agents. Personnel development **must** include:

- Mandatory visible commitment and support for Change Agent by the senior-most managers.
- Proper training and acknowledgement of good work – not just lip service.
- Short term and long term inducements – management has to address “what is in it for me?”
- Career development – part of long term incentive.

The author was part of a successful Six Sigma program in which Black Belts were typically reintegrated with the regular organization **after** completing their Six Sigma stints. The ex-Black Belts brought analytical mindsets for decision making in their regular jobs – a huge strategic benefit for the organization. They also strongly supported the Six Sigma Program within the company.

Similar benefits are derived from other methodologies also. The potential for success of a deployed methodology also increases when there is ownership and recognition. In the consulting effort for implementing an ITIL process in a very large financial company in New York, the initial naysayers in the project team became turncoats at the end and became strong proponents of the methodology.

3. **Closing Remarks**

Regardless of their nature, **ALL** business processes ultimately underpin organizational Governance. Indifference to process management will only invite crisis. Conversely, the thought leaders in progressive organizations focus on sustaining a robust Process Management environment to leverage superior Governance, resulting in consistently superior performance all around.

http://www.ioptsyn.com

Phone: 1 416 569-1362

Sukumar Roy

sroy@iOptSyn.com
Glossary

**CMMI** – *Capability Maturity Model Integration* is a process improvement approach for software development and its creation was facilitated by Carnegie Mellon Software Engineering Institute (SEI)

**COSO** – *Committee of Sponsoring Organizations of the Treadway Commission* is a voluntary private-sector organization, established in the United States, dedicated to providing guidance to executive management and governance entities on critical aspects of organizational governance

**COBIT** – *Control Objectives for Information and related Technology* is a set of best practices developed by Information Systems Audit and Control Association (ISACA) to improve IT governance control in an organization

**CSA** – *Canadian Standards Association*

**ISO** – developed by the *International Organization for Standardization*, an international-standard-setting body to champion worldwide proprietary industrial and commercial standards

**IT** – Information Technology

**ITIL** – *Information Technology Infrastructure Library* is a set of practices that address information technology support services in an organization

**Lean** – a practice to minimize the effort to create value for the end customer by reducing waste.

**KPI** – *Key Performance Indicator*

**Six Sigma** – a methodology that focuses on improving business processes by reducing “defects” in products or services provided as per customer requirements

*The widely publicized quotation attributed to Albert Einstein is a simpler variant of the following:

“It can scarcely be denied that the supreme goal of all theory is to make the irreducible basic elements as simple and as few as possible without having to surrender the adequate representation of a single datum of experience.”