

Business Process Design M635

Benedictine University

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Goals

- To increase your understanding in...
- What is Business Process Redesign?
- What is the process of BPR as a large change intervention? (including steps in the process)
- Principles and philosophies of BPR
- Understanding the difference between Process Control, Process Improvement and radical Process Redesign.
- Top line familiarity with popular tools of BPR.

Course Design Flow

Friday

- Intros, goals, overview, projects etc
- Simulation & debrief
- Brief comments and close

Course Design Flow Saturday

- BPR concepts and organizational change practices
- Process mapping
- Relationship mapping
- Value added, non value added
- Variance identification
- Brainstorm improvements,
- Prioritize improvements
- Debrief day, wants for tomorrow

Course Design Flow

Sunday

- Open
- Preparation of “to be” designs
- Presentation of designs
- Client presentation
- Implementation methodology
- Preparation of implementation plans
- Application to your world
- Close

Other Information

- To make this class a good experience:
 - Take risk, learning is the goal - no in class evaluating of “goods and bads”
 - Dialogue not monologue – interrupt shamelessly
 - Breaks are scheduled and in addition when you need them
 - Bring food, bring food
 - Longer day Saturday (8:30-4:00)
 - Shorter day Sunday (8:30-2:00)
 - Lunch in the room or “close by” both days

Business Process Redesign Basics

What is it?

THE FUNDAMENTAL RETHINKING AND RADICAL REDESIGN OF BUSINESS PROCESSES TO ACHIEVE DRAMATIC IMPROVEMENTS IN CRITICAL MEASURES OF PERFORMANCE THAT MATTER TO THE CUSTOMER (COST, QUALITY, SERVICE, SPEED)

Three Types of Organization Change

Type and Definition

Incremental:

Improvement of what is.
Getting better at what the organization does.

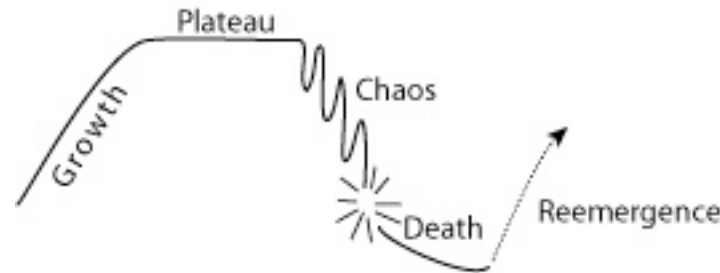
Radical:

Radical changes in how the organization does what it does.

Fundamental:

Undergoing metamorphosis – changing the nature of what the organization provides to its customers

Diagram



Typical Interventions

- ◆ Cost control
- ◆ Purchase tighter
- ◆ Staff changes

New organization shape
Redesigning systems, structures, & processes

Interventions to redefine purpose, such as:

- New products
- New services
- New customers

Business Process Redesign Basics

- Tip of the iceberg – what is seen by most (outcomes).
- Waterline – what is seen by some (methods).
- Below waterline – guiding principles.
- Deep – strategy & business design start here

Business Process Redesign Basics

- Tip of the iceberg – the results
 - For the user: price, speed, flexibility.
 - For the owner: market share, capacity, loyalty profitability, stability.
 - For the supplier: stability, consistency.
 - For all: process boundary changes.

Business Process Redesign Basics

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Business Process Redesign Basics

Waterline – tools and processes

- “As is” analysis
 - Process mapping
 - Relationship mapping
 - Value added, non value added analysis
 - Variance analysis
- “To be” design
 - Process design
 - Organization shape design
 - Job design

Business Process Redesign Basics

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Business Process Redesign Basics

Below Waterline – Principles

- Policy vs process
- Radical change vs incremental change

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Business Process Redesign Basics

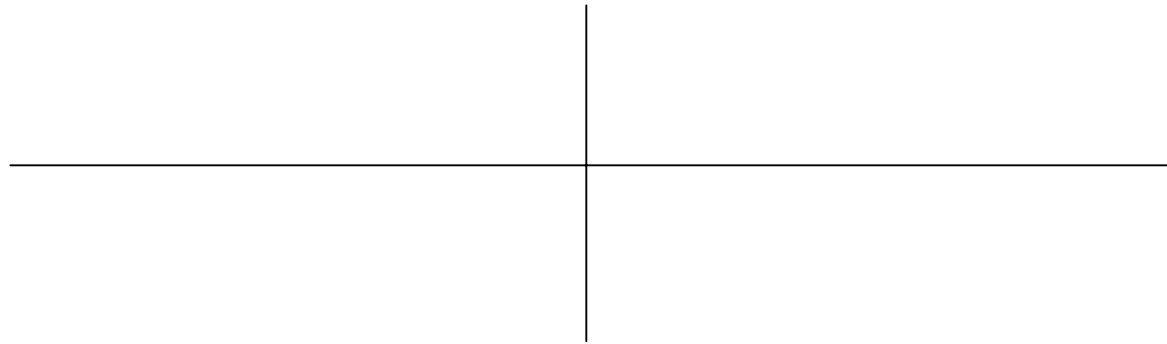
Deep - Strategy and Business Design

Business design:

- What is provided
- To whom
- How

- What, to whom, how,
To whom

What



Looking for products, customers that
correlate.

Business Process Redesign Basics

Deep - Strategy and business design

Business design:

- What is provided
- To whom
- How

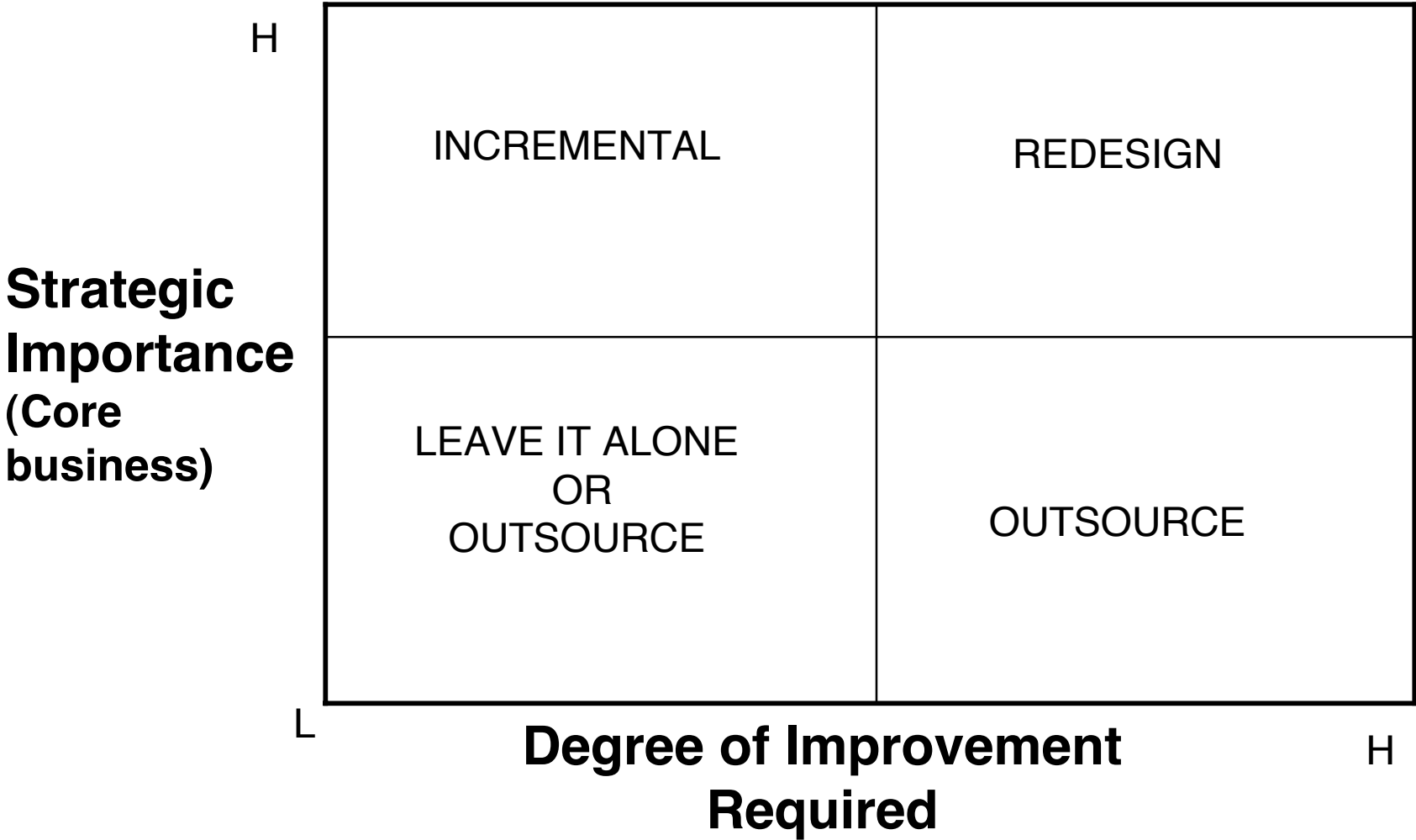
Examples:

- Amazon vs. Anderson
- State Farm vs. Geico
- “Illinois Bell” vs SBC vs at&t

Fundamental Business Re-creation

		Products/Services	
		Old	New
Customers	Old		
	New		

BPR Strategy – What to Redesign

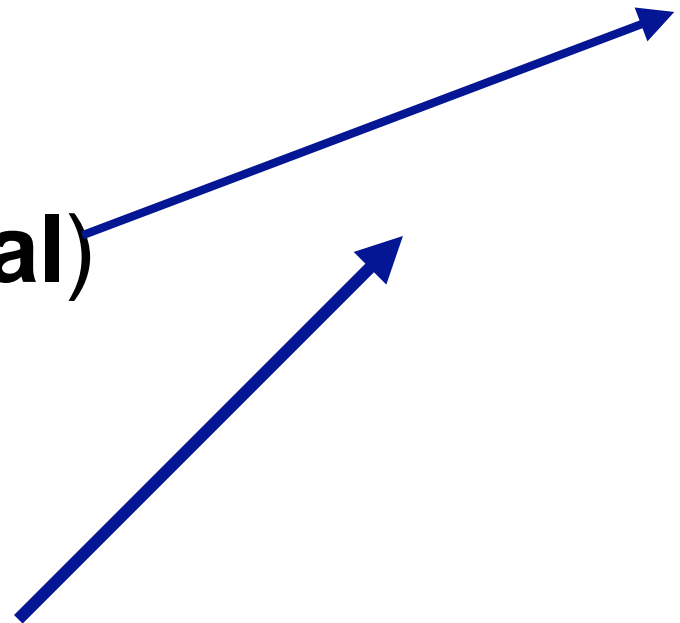


CHOICES

- CHOICE ONE

- How to do it:
Improve it (Incremental)

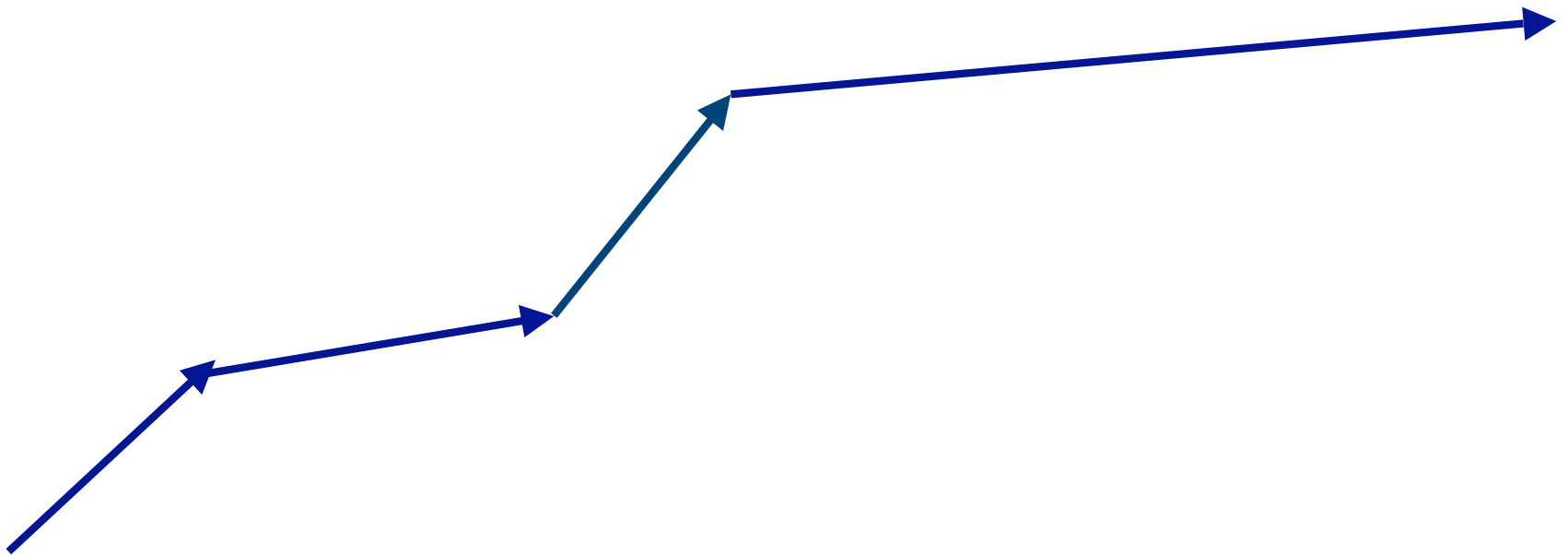
- Redesign it (Radical)



DIFFERENCES

	BPR – Radical	CPI - Incremental
Improvement goals	Dramatic	Incremental
Magnitude of organizational change	Organization-wide	Limited
Extent of focus	Broad-based	Narrowly defined
Management involvement	High	Medium to low
Intensity of team member involvement	High	Low
Implementation approach	Breakthrough	Incremental
Dependence on information systems	High	Low, paper based

- Life of a process



- **CHOICE TWO**

- Who does it:

Management

Teams

Large groups

Hybrid

APPROACHES

MANAGEMENT JUST DOES IT

Will provide:

- Speed
- The design they want

Lacks:

- Inputs from knowledgeable sources
- Support from those affected by it

APPROACHES

DESIGN TEAM APPROACH

Will provide:

- Quality since the design is completed by those skilled in the work itself
- Some buy in due to participative approach

Lacks:

- Speed
- Buy in since only a small group of employees are involved

APPROACHES

LARGE GROUP INTERVENTION

Will provide:

- High quality design
- Greater ownership
- Speed

Must consider:

- Large groups out 2-3 days
- Careful planning
- Difficult to stop

STEPS IN BPR PROCESS

- Education
- Data Collection/Feedback
- Steering Team Formation and Training
- Determining Scope of Redesign
- Choosing a Process
- Developing Goals and Guidelines
- Organizational Orientations
- Process Analysis – as is
- Process Design – to be
- Transition Planning
- Implementation
- Follow-up

Goals & Guidelines

- Outcomes for:
 - Customers, Shareowners
 - Employees, Suppliers
- What's in, what's out
- Ground rules, expectations
 - If union, don't mess with the contract
 - What happens if jobs go away

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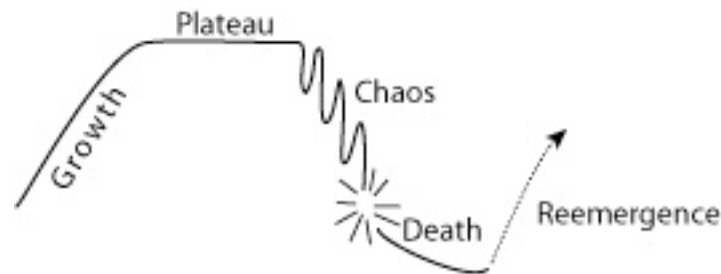
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-
- Interventions to redefine purpose, such as:
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PROCESS MAPPING

- What is a work process?
 - Steps, tasks, activities
 - Beginning and end
 - Produces a product or output
 - Should add value to the inputs
- Examples

PROCESS MAPPING

- Objective:
 - Explain how systems operate at both a micro and macro level
 - Identify existing or potential operational performance gaps
 - Facilitate gap closure improving cost, quality, service, and speed
 - Broaden organizational support for implementation

RELATIONSHIP MAPPING

- A cross functional map of activities that identifies:
 - Who does what - each function has a swim lane.
 - Disconnects in the process's workflow caused by functional boundaries
- Excellent data source for designing organization shape and communication linkages.

CYCLE TIME

- Real-Value Adding (RVA)
 - Essential to meet customer expectations
- Business-Value Adding (BVA)
 - Necessary to conduct business
 - Add no value from the customer's perspective
- Non-Value Adding (NVA)
 - Activities that are neither essential nor add value from the customer's perspective

CYCLE TIME

- RVA, BVA, or NVA?
 - Operations
 - Transportation
 - Storage
 - Inspection
 - Rework
 - Delay

Activity	Team One	Team Two	Team Three	Team Four	Management	Total Activity Time	RVA	BVA	NV A	Total Activity Time
Cutting / Folding										
Marking										
Assembling										
Planning										
Transport										
Inspection										
Supervision										
Delays										
TOTAL	Team members x20	Team members x20	Team members x20	Team members x20	Team members x20					

To Be Design Guidelines

- Implementation timeline
 - First stage
 - Second stage
- Capital projects follow normal procedures
- Jobs that go away follow previously published guidelines.
- For jobs that change adequate training will be provided.
- All contracts, personnel and union stand.

To Be Design Approach

- Step one brainstorm features according to
 - New methods
 - New tools and equipment
 - New technology
 - Organization and personnel
 - Shape changes
 - Job changes
 - Enlargement
 - Enrichment
 - Training and development
 - Outsourcing possibilities

To Be Design Approach

- Step two:
 - Finalize selection of features
 - Map the new process
 - List the features
 - Provide statement
 - Explanation of design
 - Why it makes sense

Stuffem Mouse Casket Company Time Sheet

Employee _____ Team _____

Activity	Time
Cutting / folding	
Marking	
Assembling	
Planning	
Transport	
Inspection	
Supervisory	
Delays	
	20