

What makes a good process?

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Everyone wants a good process. Our businesses would be more profitable if we had them. But do we know what a good process is? Would we recognized one if we saw it? And how do we ensure we can design them?

So what makes a “good process”? This is a question that I am often asked. Usually the person asking is looking for a simple answer: “One that has no more than 10 task boxes” or “only has two handovers” or “one that looks long and thin.” Of course, things are not that simple, and there is a difference between what makes a good process and what makes a good process model. It is often the latter that people are really asking about, but a process model is just that; it is a model, it is not the “real thing.” It is perfectly possible to have a good process model of a poor process, but you cannot have a really good process without a good model or design. So in this article I would like to explore what makes a good process and what we need to model to ensure that we get a good process.

So, first of all, what is a process? Simply put, we can say that a process is the “definition of the tasks and the sequence of those tasks necessary to fulfill an objective.” Normally we think about business objectives, but the important thing is that the process must deliver something (a product or service) to someone (or some organization) outside of the process, and what is delivered must be of value to that person or organization. However, that alone is not enough for a business process; the process must have some value to the business itself. Normally that means someone, the customer or a client, will pay for the product or service delivered by the process. But that is not enough either; the objective of the process must also align with corporate values and strategy. It is easy to think up money making schemes a business could operate that would benefit other people, but these may not be appropriate if they are not part of the core business of the organization. So, summarizing, we can identify our first set of criteria for a good process; it must

1. Deliver something of value to someone outside of the process,
2. Create value for the organization operating the process,
3. Align with corporate values and strategy.

So we can see that processes do not stand by themselves in isolation, and, hence, when designing or modeling a process, we need to think about more than the process flow. A “process model” must describe (see Fig. 1):

- the definition of tasks,
- the sequence of tasks,
- the resources needed to operate them,
- the environment in which they operate,
- the business objectives they fulfil.

Only when we consider the resources required, and the environment in which the process must operate (i.e., what laws, regulations, business policies, and constraints apply), can we truly start to understand what a process really is. Every input to the organization and output from it will be connected to a process.

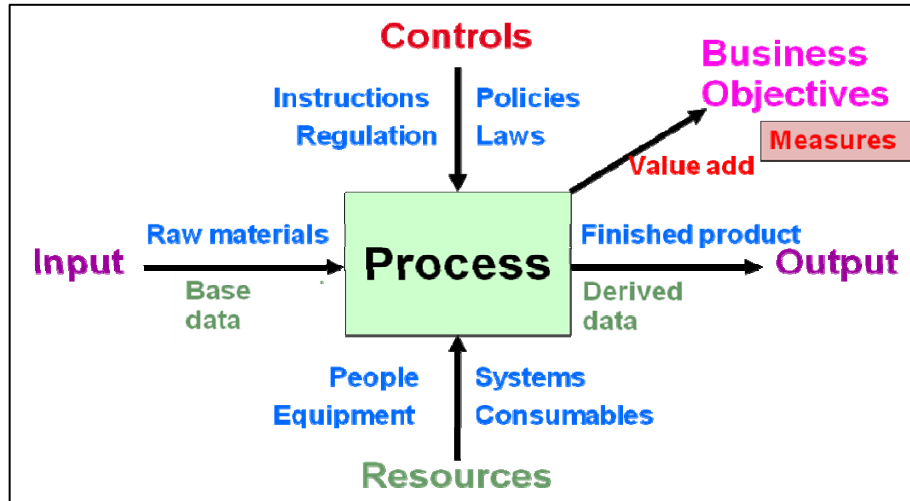


Figure 1. Key Aspects of a Process Model

Having defined the basic context and characteristics of a process, we can start to think some more about what would make such a process a “good process.” A good process is one that is

- Effective
- Efficient
- Relevant
- Valid
- Usable
- Used
- Reused
- Managed
- Measured

Effective

First, and most important, the process must do what it is supposed to; it must be simple and make life better for all concerned. It must demonstrably deliver value to the customers. It must satisfy and delight them. In satisfying them, it must meet their needs and fulfill the contract or agreement that has been made with them. So it must deliver what was agreed, on time and for the price that was agreed. The product or service must work, and it must continue to work for a reasonable period of time. This applies whether the process is delivering to an external customer or to other departments or users in the same organization. Often these customer requirements are called the “Voice of the Customer,” which may also include service level guarantees imposed by a regulator on behalf of the customer.

Being “customer focused” or taking what is often called an “outside in” approach, is a major goal of process effectiveness, but it is not the only goal. The process must also align with the “Voice of the Business,” which defines the business’ strategy, values, and policies. We can’t just respond to everything the customer wants as this may be too costly or not part of the business strategy.

Efficient

The “Voice of the Business” is also concerned with the efficiency of the process and will impose constraints that ensure the business is profitable or ensures that a not-for-profit organization operates within its budget. The process must be devoid of waste, unnecessary steps, multiple hand-overs and other wasteful characteristics. The process must use available resources to best effect and, ideally, as I will mention later, reuse common processes and IT services.

So the design and operation of a “good process” must serve two masters – the “Voice of the Customer” and the “Voice of the Business.” The way in which it does that or, rather, the measurement of how effectively it does it, is often called the “Voice of the Process” (see Fig. 2).

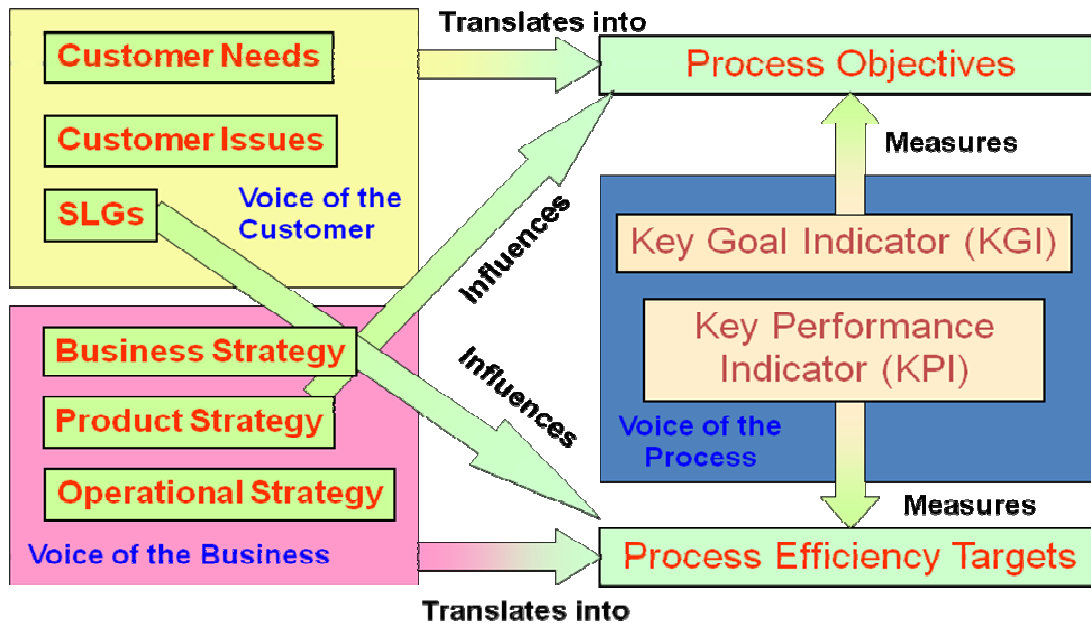


Figure 2. Process Drivers and Measures

Relevant

The process must, of course, be relevant to the business, but what does that mean? Aren't all the processes relevant? Well, of course, they are, but inevitably some are more important than others, and some are more appropriate to focus on than others. Essentially, we use processes because “we don't want to leave the operation of our business to chance.” For most businesses, it is important that the main activities are consistent, repeatable, and of a high quality. We want our customers to have a good experience and essentially the same experience each time they contact us.

In the first instance, we want to concentrate on those processes that deliver and maintain the service to the customer and the cash flow to the business. It is important to look at the whole rather than the part and not to dwell on isolated subprocesses, but to look along the length of the “end-to-end” process that takes a customer order at the start, delivers the product, and receives payment at the end. So this “order-to-cash” process is one of the relevant or core business processes that flow through the different business functions or departments (see Fig. 3). It is vital to think through the process end-to-end. A process that delivers an excellent product to the customer is of no use if it doesn't also describe how they should pay for it!

A way to understand the structure of the business processes, and that will add value, is to construct a process architecture or process landscape. A “good process” is one that fits into the corporate process architecture.

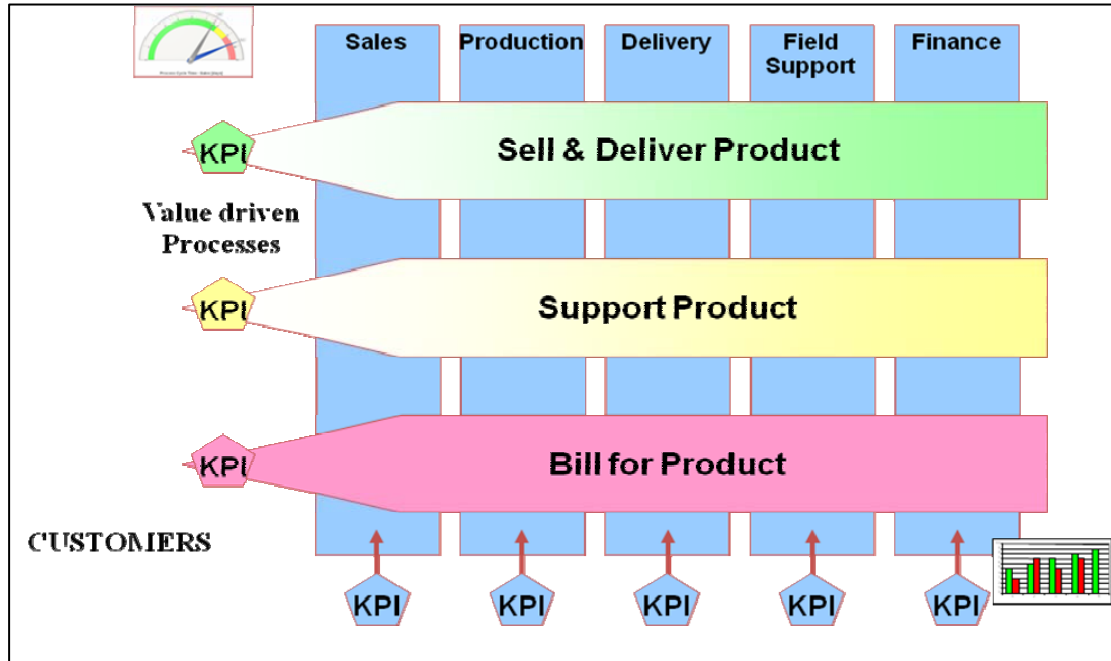


Figure 3. Value-driven End-to-End Processes

Other E2E processes include “fault-to-repair” and “concept to market.” Often business do not get around to thinking about “concept to market” – the new product introduction process – as it is not seen as an important operational process. It is often thought of as a supporting process or maybe not even a process at all, but a project. However, it is the C2M process that ensures that new products and services meet customer needs and corporate strategy and that effective and efficient “order-to-cash” and “fault-to-repair” processes are in place to support them. It also ensures that processes and IT components are reused to make best use of the corporate infrastructure. So maybe we should think about concentrating on designing C2M first so it can build the infrastructure and ensure “good” operational processes are put in place. I will talk about this more in a future article.

Valid

A good process must be valid; that is to say, it should be sufficiently correct to be valuable and usable. That means we must verify and validate it against the customer and business requirements. You might be surprised that I have said “sufficiently correct.” Shouldn’t processes be completely correct? Well, the thing to keep in mind is that a process design (and a process model) is only a representation of the real thing. It can never represent absolutely every aspect of the real world so it must be “correct enough” for the purpose for which it will be used. If it is going to be used to develop a completed automated IT driven process, then the model must be tested against all likely scenarios to ensure that it will be robust in all eventualities. If, on the other hand, it is going to be used as a training aid for managers, it might only be necessary to cover a few key scenarios at a high level of abstraction. Even with an automated process it is not possible to cover every possible scenario, and a fault handling route is needed where a person can resolve the problems and issues that occur less frequently.

When the process design or model is complete, it must be tested. There are two main stages to testing: verification and validation. Verification is about ensuring that the design meets the specification or requirements. Validation is about making sure the process is fit for purpose. Well, aren’t these the same thing? They would be if we could be sure that the requirements were correct and complete or that the world had not moved on since they were defined. In practice, there will often be a difference between what was required and what is now actually needed. A

good process is one where it has been verified that it meets the requirements, but that it has also been validated against true business needs. One increasingly popular approach to ensuring a close fit to customer needs is to use agile techniques that focus on iteratively developing solutions in collaboration with the customer. Agile techniques are becoming widely used in software development, and we may see them increasingly employed to deliver good processes.

We also need to think about what the process is actually processing. In the manufacturing industry it will be processing raw materials and turning them into finished products. However, in the service industry the processes are dealing with more abstract things (customer orders, insurance policies, broadband configuration, etc.), and what is normally processed is data. Input from the customer is recorded as “base data” that is processed and turned into “derived data” that results in the customer receiving a product or service (see Fig.1). The conclusion of this is that we can’t be sure our process is correct unless we model the data that flows through it and ensure that it is complete and consistent.

Usable

The process, and particularly the process model, should be realistic and usable. That is to say, it should capture business elements that really are processes; i.e., business aspects that are repeatable and predictable. It should contain the right amount of information to make it valuable. A process model is a “model” in the true sense of the word. Just like the model of a building or an aircraft, it is built to a certain scale, and it has a certain level of detail. Normally it will have been built for a particular purpose and will have a particular audience and viewpoint. A process model is the same; it will have been created for a purpose – for instance, for training process operators or for providing the specification for IT system development. The amount and type of detail that needs to be modeled will depend on the use to which it is put, and, hence, the model may not be of much use for a different purpose. This is why it is so important to understand what the model will be used for before you start modeling. So a good process, and a good process model, is one that has clear objectives.

The process must be as simple as it can be while still meeting customer and business needs. Of course, these can be two conflicting objectives, and “real” processes are often criticized because they are too complex. However, businesses are complex, and so are many processes, so we must do our best to make them easy to understand by the different people who have to use them. This may mean presenting process information in different ways to different types of people, and, of course, the process must have been made visible in the first place via a process portal. A “good process” is one that is visible, simple, and understandable.

Many people fall into the trap of only modeling the “sunny day” scenario or the “happy path.” That is to say, they only model what happens when things go right. However, a customer’s opinion of an organization is often made or broken by the experience they receive when things go wrong. A problem handled efficiently and resolved quickly can often boost a customer’s opinion of an organization, while you can be sure the customer will tell all their friends about a problem handled badly. Judging the amount of detail and the number of failure scenarios to handle is a difficult call, but keep in mind, does it

- affect the customer?
- affect revenue or profit?
- affect key process metrics (KPIs)?
- have regulatory impact?
- consume significant resources?

Generally, the process must also be maintainable and maintained. It is rare that a process will be designed and left completely unchanged throughout its life. However, as good as process is, it can always be improved, and, in any case, the world does not stay still. Customers’ needs change, the economic environment changes, the business evolves, and new technology becomes available. All of these factors mean that the process requires continuous review and change. However, in many organizations, much effort is expended in documenting a process only to then file away the design and never touch it again. Often the reason for this is that processes

have been laboriously documented using Microsoft PowerPoint or Visio and are then very difficult to change. Designing the process in a modeling tool, on the other hand, provides a much more efficient environment for analysis, change, and communication. So a good process design is one that has been produced in a way that it can be easily maintained.

We must also keep in mind that most processes require a significant amount of activity to be done by people. We must make sure that we design the process to make best use of people's skills, to allow them to do the things they do best, and to remove repetitive and tedious activities that encourage errors and poor service. A "good process" is one that uses people effectively.

Used

It is no good putting all this effort into creating an effective and efficient process, making it usable and visible, if no one actually uses it. Making sure that your process design makes a difference is one of the key challenges for creating good processes. Because processes are mainly about what people do (despite all the IT automation), implementing a new process is essentially a "change management" activity. All of the normal change management activities – getting buy-in, training, barrier removal, reward, and monitoring – are essential for getting processes used. Just as with the process owner, having the right reward structure in place is essential for encouraging the desired behavior.

Of course, one way to ensure your process is actually used is to fully automate it, and we could spend a long time discussing process-driven IT, ERP, SOA, and many of the other IT issues. However, I will leave that for others to pursue.

Reused

Reuse is a key enabler for improving business efficiency. It is widely employed for IT systems and software development, and there is a huge desire to employ similar techniques for processes. We can employ reuse in many ways. Employing best practice is one form of reuse; process standardization is another; reusing process components or business services is another. A good process is one that does not reinvent everything from scratch, but reuses many process and IT components. However, reuse is not easy. How do you define what can be reused? How do you describe it? How do you develop a process for reuse and who pays? I will look at process reuse in more detail in a future article.

Managed

A good process must be managed and improved. We can't just design a process and leave it to its own devices. A process must have an owner who is responsible for directing its design, ensuring it aligns with requirements and business strategy. The owner will ensure that measures and KPIs are in place and will most likely have their own performance scorecard based on the process measures. The owner oversees the day-to-day operation of the process, which may be managed by a number of different subprocess managers. The process owner is responsible for coordinating the local management of process components to ensure that end-to-end process performance is maintained. The owner doesn't just ensure that the process keeps operating but leads process improvement initiatives to improve efficiency and effectiveness and ensure the process maintains alignment with business strategy, customer demands, and changing infrastructure. To make this effective, the reward structure for the process owner should be built around the performance of their process. Process ownership and management are fundamental cornerstones of Business Process Management.

Measured

A good process must be measurable and actually measured. Well, you might think that any process can be measured, but in practice few processes have credible measures identified, and even fewer have IT systems in place to make those measures. Processes are not just something your business does – for instance, like creating the company accounts or running the pension scheme; processes "are" the business. Processes are the very lifeblood that makes the business operate so it's not really possible to understand how well your business is performing unless you understand how well your processes are performing. Of course, you may argue that businesses

have been doing just that for a long time, but times have changed. The customer has more choice than ever, market conditions change rapidly, and current business measures (annual profit, share price, revenue growth, and customer satisfaction) are lagging measures that take time to show the real trend. Often, by the time these measures indicate a problem, it is too late to do anything about it. Process measures, on the other hand, provide leading measures of how the business is operating now, how the business strategy is realized, and, more importantly, measure how individual customer interactions are performing (see Fig. 4). A process can't be judged to be a "good process" if it is not measured, because if we are not measuring it how do we know?

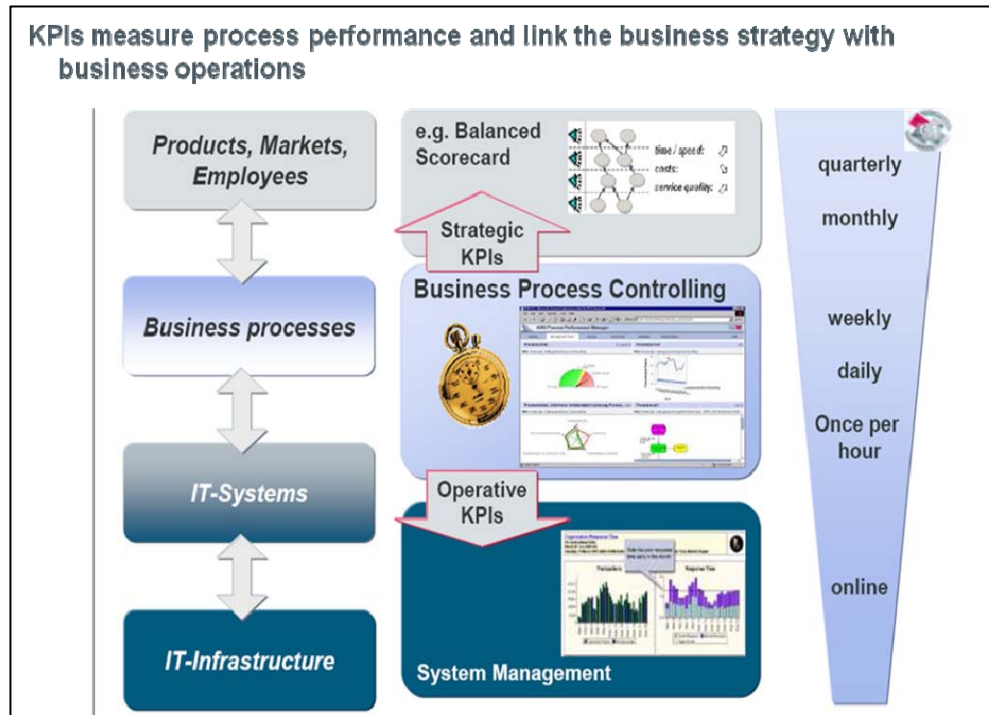


Figure 4. Business Process Measures

So how do we get a good process?

I have set out a lot of criteria for a good process and for creating a good process model, so how do we go about getting a good process? We need to consider these key principles:

- Requirements and Business Strategy
- Process Governance
- Process Architecture and Structure
- Performance Management
- Design and Documentation
- Implementation and Change Management
- IT Alignment
- Monitoring
- Continuous Improvement

These are, in fact, my nine principles of BPM process excellence (see Fig. 5); "good processes" are those produced by effectively employing Business Process Management.

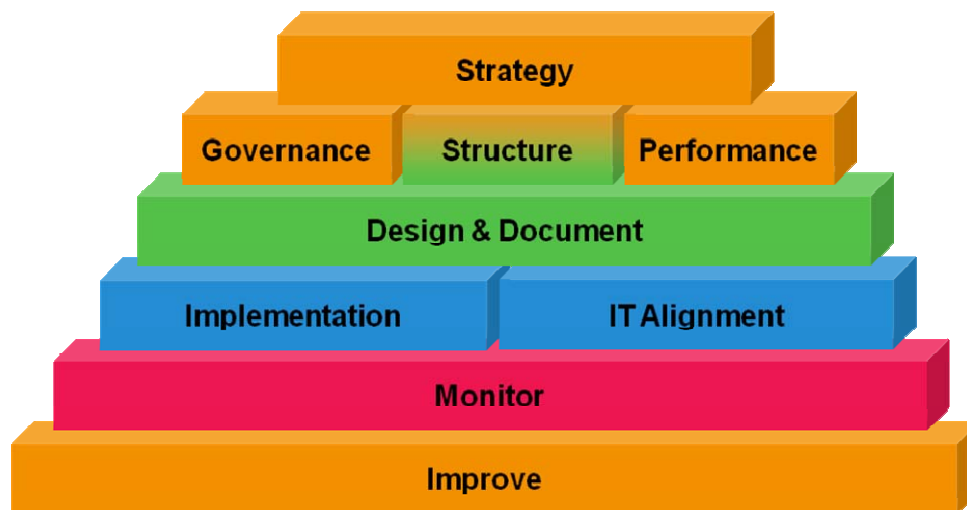


Figure 5. Nine Principles of Business Process Management

In future editions of my column I will look at some of the issues involved in implementing these principles, including:

- Process is not just something your business does – processes are your business
- Concept-to-Market: if we get this right, the other E2E processes will look after themselves
- One size doesn't fit all: the need for a roadmap for successfully implementing BPM
- Reuse is good for you, but do we really understand what we are reusing?
- Maturity Models: what are measuring?
- The BPM Center of Excellence: rise and fall and rise again
- Process patterns: why aren't we using them?

Author

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