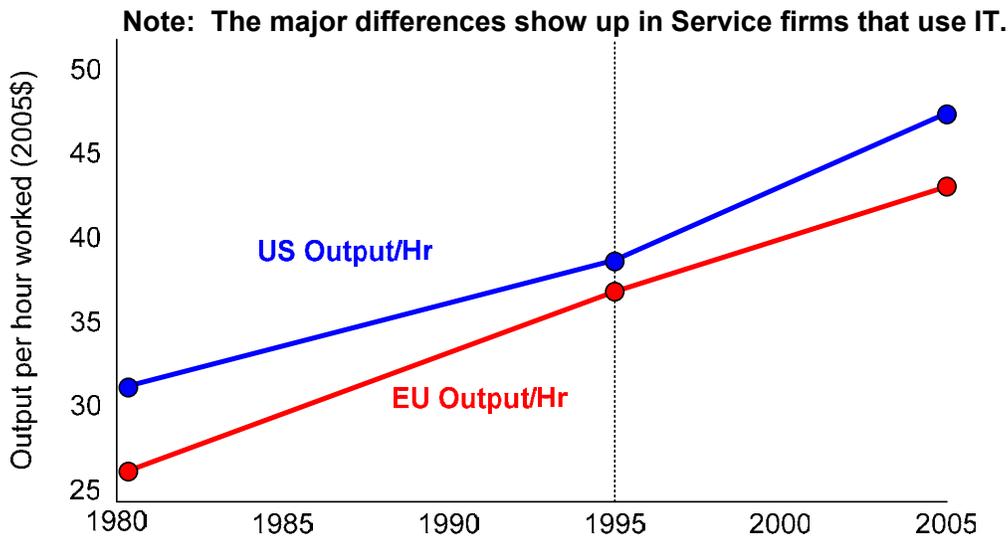


PERU

The following three slides were added to my presentation in Peru in June 2007. Following the slides is the Analysis and Design Checklist that I referred to in that presentation which is used in BPTrends Associates Analysis and Design courses.

US and EU Productivity Growth



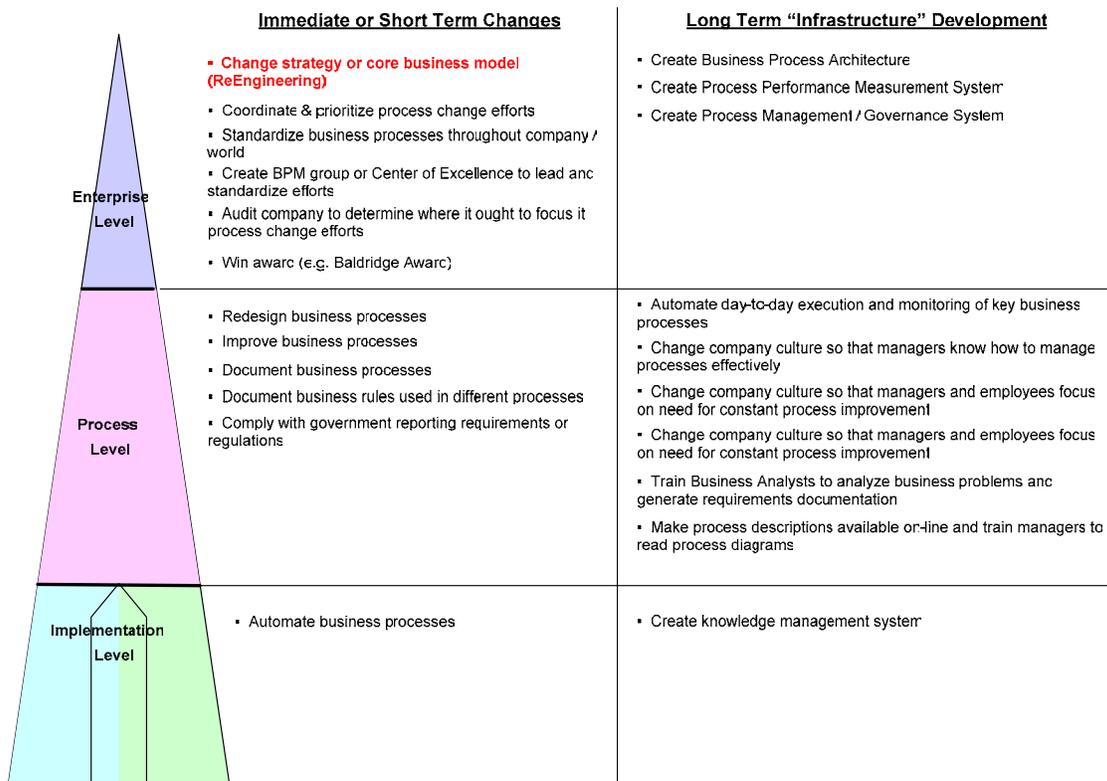
Nick Bloom, et al. *Americans Do I.T. Better: US Multinationals and the Productivity Miracle*. Centre for Economic Performance (CEP Discussion Paper No. 788) London School of Economics. April 2007

US and British Firms in Britain

- Study compared firms of the same value with the same IT spending
- When US Firm acquired a British firm the US management team achieved a significant boost in productivity within a year
- It's not the IT that gives the boost – although it's a necessary prerequisite
- It's the way US firms organize and the speed with which they change management and employee practices

Nick Bloom, et al. *Americans Do I.T. Better: US Multinationals and the Productivity Miracle*. Centre for Economic Performance (CEP Discussion Paper No. 788) London School of Economics. April 2007

What Companies Are Trying To Do



Business Problem Analysis Checklist

We organize problems into three tiers. All problems are divided into one of five broad types: (1) Process Flow & Day-to-Day Management Problems, (2) Output Problems, (3) Input Problems, (4) Control Problems, and (5) Enabler Problems. Each of these five broad problem types is subdivided into more specific problem categories. In the case of Process Flow and Day-to-Day Management, we subdivide a second time. Then we provide specific examples of problems in each category.

At levels 2 and 3 there is a certain amount of overlap, since it sometimes depends on perspective as to whether a particular problem is best categorized in one or another category. Our goal is not to offer a definitive list of problem types, but to suggest ways for analysts to think about what they could change to improve a specific business process.

1. Process Flow and Day-to-Day Management Problems

1.1 Flow Problems

1.1.1 Problems with Logical Completeness

- Some activities are not connected to other, related activities
- Some outputs have no place to go
- Some inputs have no place to go

1.1.2 Sequencing and Duplication Problems

- Some activities are performed in the wrong order
- Some activities are performed sequentially that could be performed in parallel
- Work is done and then put into inventory until needed
- Some activities are performed more than once
- There are no rules for determining or prioritizing flows between certain activities or individuals

1.1.3 Subprocess Inputs and Outputs

- The inputs and outputs of subprocesses are wrong or inadequately specified
- Subprocess inputs or outputs can be of inadequate quality, insufficient quantity or untimely
- Subprocesses get inputs or make outputs that are unnecessary
- Some subprocess do things that make for more work for other subprocesses

1.1.4 Process Decision-Making

- The process-in-scope, or one of its subprocesses is called upon to make decisions without adequate or necessary information
- The process-in-scope, or one of its subprocesses is required to make decisions without adequate or complete guidance from the value chain or organization.
E.g. decisions must be made without stated policies or without specific business rules

1.1.5 Process and Subprocess Measures

- There are inadequate or no measures for the quality, quantity or timeliness of subprocess outputs
- Subprocess measures are lagging measures and don't provide the process manager or other employees with the ability to anticipate or plan for changes in pace or flow volume

1.2 Day-to-Day Management Problems**1.2.1 Planning and Organization Problems**

- Manager does not have a clear plan for the process
- Manager's schedule is unrealistic
- Budget, resources or staffing unrealistic
- Known flows in process are ignored
- The process manager working on the process-in-scope is given lagging data, but no leading data that he or she can use to anticipate work, plans, schedule, etc.

1.2.2 Communication Problems

- Employees don't understand goals of process
- Employees don't believe management is committed to goals
- Employees have conflicting goals or incentives
- Manager doesn't communicate with upstream, downstream, or support managers

1.2.3 Monitoring and Control Problems

- Employees working on the process-in-scope are not held responsible for achieving one or more key process goals
- The employees working on the process-in-scope are punished for pursuing one or more key process goals
- The employees working on the process-in-scope are not given adequate information about the performance of the process he/she is responsible for managing
- The employees working on the process-in-scope are given lagging data, but no leading data that they can use to anticipate work, plans, schedule, etc.
- The employees working on the process-in-scope are either not rewarded for achieving key process goals or they are punished for achieving key process goals E.g. the employee who works the hardest to assure that the process-in-scope meets a deadline is given more work to do

1.2.4 Manager's Goals and Incentives Conflicted

- The process manager is trying to achieve functional/departmental goals that are incompatible with the goals of the process-in-scope
- The process manager does not have the authority, budget or resources required to effectively manage the process-in-scope
- The process manager is not held responsible for achieving one or more key process goals
- The process manager is punished for pursuing one or more key process goals
- The process manager is not given adequate information about the performance of the process he/she is responsible for managing

2. Output Problems

This type of problem results because the "customer" of the process isn't getting what is needed. It's possible the outputs are unrealistic, or unnecessary and should be changed, but as things stand, the quality, quantity or timeliness of the outputs of the process-in-scope aren't satisfying one or more stakeholders. Outputs can take different forms, including physical entities, information or data, or decisions/approvals.

2.1 Quality of Output

- Output is rejected by a quality control process downstream (Number, Ratio of Rejects)
- Downstream process refuses to accept output of process-in-scope
- Output is returned (Ratio of returns to output)

2.2 Quantity of Output

- Process does not produce number of outputs required
- Process can not scale down quickly when a decreased number of outputs are required
- Process can not scale up quickly when an increased number of outputs are required

2.3 Timeliness of Output

- Some or all of the needed outputs are not produced when required

2.4 Flow of Output

- Output has no place to go
- Output isn't used by downstream process

3. Input Problems

This type of problem results because the “suppliers” of the process-in-scope aren't producing what's needed by the process-in-scope. As with output, inputs to the process-in-scope can be deficient in quality, quantity, or timeliness. Similarly, inputs can take different forms, including physical entities, information or data, or decisions/approvals.

3.1 Quality on Inputs

- Inputs are rejected because they don't meet quality standards of process-in-scope
- Inputs must be returned to upstream process or supplier (Ratio of returns to input)

3.2 Quantity of Input

- Supplier does not produce number of inputs required
- Supplier can not scale down quickly when a decreased number of inputs are required
- Supplier can not scale up quickly when an increased number of inputs are required

3.3 Timeliness of Inputs

- Some or all of the needed inputs do not arrive when needed
- Inputs arrive in batches and must be stored till needed
- Inputs unpredictable and disruptive when they arrive without warning

2.4 Flow of Input

- Input arrives that isn't used or needed
- Input arrives with no place to go

4. Problems with Controls**4.1 Process-In-Scope Not Aligned to Organization or Value Chain Strategy**

Processes implement strategies just as organizations do. An organization might decide to pursue a low-cost-provider strategy. A given process, however, for whatever reason, might be doing things that assure that its outputs are anything but low cost. This is a strategy alignment problem. Similarly, some processes pursue strategies that are incompatible with the value chain of which they are a part. The assumption is that organization strategy trumps value chain strategy and that value chain strategy preempts process strategy. Process strategies should be changed to assure they actually implement organizational and value chain strategies.

- Organization strategy, with regard to the process-in-scope, is unclear
- Process is pursuing a strategy incompatible with stated organization strategy

Business Problem Analysis Checklist

- The value chain strategy is unclear and two or more processes are pursuing uncoordinated or incompatible strategies. E.g. one process is doing something to save money that is costing another process more money.

4.2 Problems with Policies or Business Rules

Policies are statements of how an organization intends to do business. Business rules are more specific statements that define how specific situations are to be handled. Logically, business rules should be derived from and align with organizational policies.

- Full implementation of stated policies would make it impossible for the process-in-scope to function
- The process-in-scope consistently ignores one or more organizational policies
- The process-in-scope consistently ignores one or more specific business rules
- Individual employees working in the process-in-scope ignore one or more specific policies or business rules
- The process-in-scope is tasked to implement incompatible goals or policies
- The priority of goals or policies that the process-in-scope is tasked to implement is unclear
- The priority of goals or policies that the process-in-scope is tasked to implement can shift rapidly and the process is unable to make the switch quickly or completely enough

4.3 Problems with Documentation, Manuals, etc.

Problems in this area are closely related to problem category 4.2. They usually arise because documentation is out of date, and policies or rules in the documentation are wrong or because two or more sources of information are incompatible.

- Documentation is incomplete, out-of-date, or wrong
- Documentation is obscure and hard to read or understand
- Documentation is written in the wrong language
- Documentation is unavailable to people who need it, when they need it

4.4 Problems with External Management Processes

This type of problem results from information provided by or required by a management process that is not in the scope of the analysis effort. In essence, these are situations that usually have to be lived-with or worked around, as they can't be changed.

- External management process require information that the process-in-scope is unable to provide
- External management processes input information or directions that the process-in-scope is unable to use or implement
- External management uses measures not aligned with process goals
- External management does not provide feedback about downstream results

5. Problems with Enablers

5.1 Employee Problems

- The process-in-scope is understaffed. HR can't find or hire enough employees to adequately staff the process-in-scope
- The jobs or roles defined for employees assigned to the process do not match the needs/requirements of the process-in-scope
- Employees lack the skills needed to perform the work required to accomplish the process-in-scope
- The employees have never been told who is responsible for various tasks that are part of the process-in-scope
- Employees need training

Business Problem Analysis Checklist

- Training provided is inadequate or offered at the wrong times
- Manuals or other documentation do not offer complete or adequate guidance
- The rewards or incentives provided for employees do not support the performance required by the process-in-scope. Worse, they actively discourage the correct employee performance. E.g. the salespeople get bonuses for selling widgets, but get nothing if they spend time trying to sell the products generated by the process-in-scope
- The employees lack the time, space or tools required for the performance of some of the tasks involved in the process-in-scope
- The employees working on the process-in-scope are given lagging data, but no leading data that they can use to anticipate work, plans, schedule, etc.
- The employees believe that some or all of the performance required by the process-in-scope is unnecessary, not properly part of their job, or should not be performed for whatever reason

5.2 IT Problems

- IT applications require inputs or generate outputs that are out of sync with the actual flow and activities of the process-in-scope
- Data is required or is generated that is out of sync with the actual flow and activities of the process-in-scope
- IT applications or tools require inputs or make outputs that are hard to impossible to interpret and thus inadequate user interfaces lead to inefficiencies or errors
- IT applications or tools support normal processing but do not adequately support exception handling, which is a special problem whenever the number of exceptions spikes
- Activities are performed manually that could be more efficiently performed by a software application
- Data must be input more than once because the software applications being used do not share the relevant data
- Data or reports provided to employees are inadequate, wrong, incomplete, or out of date
- Data arrives that requires translation or reformatting to be used
- Data that is required doesn't arrive or doesn't arrive in a timely manner

5.3 Facilities, Equipment and Location Problems

- Resources or tools required by the process-in-scope are unavailable when they are needed
- The facilities are inadequate
- The equipment is inadequate
- The process-in-scope is geographically distributed and this causes inefficiencies
- Layout of facility causes flow problems or storage problems.