



## Down Under

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*Practical Guidelines to Successful Implementations and Management by Process: A Roadmap to Sustainable Business*

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## Case Studies of Excellence through Management by Process

High Performance is achieved through managing business processes and having inspiring leadership, as outlined in our previous BP Trends column (“High Performance Management through Management by Process and Leadership”, March 2008). This column will continue the topic by providing several case studies of leading organizations that have achieved significant and sustainable results. The case studies are described in more detail (over 25,000 words) in our recently published book: *Management by Process: A Roadmap to Sustainable Business Process Management* (Elsevier, 2008). All case studies demonstrate that to be successful, projects must have two key critical factors: a pragmatic approach and inspiring and motivated leadership.

### Case Study 1: A consumer division of a Global Bank

This case study relates to a European office of a global bank which has over 300 branches. Per annum, it

- receives 11 million documents
- makes 160 million payments
- processes 35 million home banking transactions
- receives 14 million telephone enquiries.

The challenges that the bank faced included

- the need to significantly decrease their expense ratio (expense to revenue) as the initial levels were above the industry average, and, in order to effectively compete, this needed to reduce to below the industry average to gain a competitive edge;
- the need to increase the time spent by branch staff with customers rather than on administrative activities (providing the opportunity of increasing customers service, satisfaction, and revenue);
- the desire to build long and deep relationships with customers;
- better use of staff while increasing employee satisfaction and providing customers with stable service, even in peak periods;
- a need to compete in the marketplace and enter new markets.

In short, they wanted to increase the efficiency and effectiveness of their operations to ensure a high level of standardization, consistency, and predictability as well as a low level of errors, all while increasing customer service.

The approach included a holistic approach from process analysis to process management. It went through the following phases:

- Starting out: process awareness and training, process documentation and simulation to ensure that people understood the processes and the importance of managing them.
- Capacity planning: optimizing the skills to achieve effective and efficient staffing levels.

- Workflow: the automated routing of electronic documents and transactions to balance available skills and processing speed.
- Gathering of all process data for detailed analysis.
- Activity based costing: calculating the costs at a detailed level to support the right management decisions.
- Ongoing monitoring: a control center to support the business in operations. It continuously predicts the required capacity needed in the business to enable optimal assignment of resources and the provision of customer service.

The results have been nothing short of impressive. It has

- reduced expenses ratio by half
- increased the customer facing time within the 300 branches from 19% to more than 70%
- reduced errors from 25–30% to 3–5%
- has increased staff and customer satisfaction significantly, as measured by surveys.

### **Case Study 2: South African Bank – Improved process management maturity brings benefits**

The bank was facing with the following challenges:

- *Operations* – Most of the common problems were typical of an operationally inefficient or process immature organization, namely:
  - many different ways of doing things; differences between and within regions; generally, no documentation of any of the processes or procedures, either locally or end-to end. Processes relied on pockets of knowledge, and local experts;
  - little if any measurement of the processing time, quality, and capacity; no understanding of the levels of error and rework; and capacity management was through experience rather than planning;
  - hand-offs were a huge cause of frustration, with little quality checking between functions, little common understanding of the requirements of different functions, and little understanding of the dependencies of different functions;
  - no planning, no prioritization processes.
- *Technology* – all the same problems as in Operations, and, in addition the demands of Innovation, combined with little reinvestment in the assets.
- *Innovation* – the problems included huge demand; little project control, large scope creep, and never enough resources.

The opportunities included

- delivering the projects – whether automating, integrating or converting –
  - required a common and collective understanding of what happens in the different parts of the business (an end-to-end view);
  - needed to document the business processes; and to specify the rules, activities, dependencies, inputs and outputs of all the multiple back-office functions.
- similarly, to improve performance in the operational areas – as a result of the increased focus on improved customer service, lower costs, improved turn-around times, better quality and reduced risk – standard and aligned processes were required.

The results to date have included

- consecutive years of zero percentage cost increases in the operational areas – large impact on the cost to income ratio;

- large savings achieved in the process re-engineering projects;
- the development of an integrated process architecture containing all the process assets;
- the organizational understanding and management of time, cost, quality, and risk in all operational areas;
- the attainment of CMMI Level 4 maturity in the software development areas with the concomitant benefits in quality and productivity;
- the attainment of CMMI Level 2 maturity in the full Innovation area;
- the development and application of the Business Process Management Maturity.

### **Case Study 3: A Home Care Organization – Improved processes provide better customer service**

A leading Home Care service provider in Europe had the following business challenges:

- Increasing processing of client requests – some requests took up to seven weeks for completion and the waiting lists were increasing.
- Service quality came under increasing pressure – there was much duplication of information, including re-typing of timesheets, leading to high error rates.
- Cost of service provision and support started to increase – the government wanted to force a more market-oriented approach and they were forcing this to occur by reducing subsidies – so there was an increasing need to improve productivity.
- The organization was struggling with insufficient agility to enable it to deal with the changes in the marketplace.
- Management of the business processes became more and more difficult – for example, business planning was completed on a large whiteboard with post-it notes and pins. Needless to say, this simple system was labor intensive and prone to errors.
- While the general demand for home care services was increasing, there was also a growing expansion in the number of services required by individual clients.

In short, the organization needed to ensure that its scarce resources were being focused on “doing the right things right.”

To start increasing the process awareness in the organization a pilot project was initiated. The results were very encouraging. Due to the streamlining and improvement of the business processes,

- the quality of the work improved
- the number of errors reduced significantly
- administrative staff were reduced by 50% in number: In a marketplace where it is difficult to obtain qualified and motivated resources, this reduction had a significant impact upon the organization.
- As employees witnessed the improvements this approach was making to the organization, they started to look for more opportunities.

Subsequent projects were initiated and process management was established. To date, five projects have been completed, and each of them has similar results:

- significantly streamlined business processes
- reduced error rates
- 50% reduction of staff involved in the process
- a reduction in the dependency of paper
- through-put time has been reduced by up to 80% – in the most extreme case, it was from seven weeks to four days.

- The employees were extremely pleased with the results as it eliminated a lot of unnecessary “noise” in the processes and they could concentrate on their actual job, rather than correcting errors or chasing other people to complete their work correctly.

In addition, the organization was able to successfully achieve a merger with another organization. Both organizations found that the process management approach was an excellent way to obtain the best out of each others business processes. Within three months the merged organization had implemented the process management approach throughout its organization.

#### Case Study 4: Streamlining Operations at an international bank

A service organization of a leading international bank faced the following key challenges:

- The current processes were highly manual.
- There were a high number of processes and process variances within each, which made the processes difficult to control and manage.
- Operating costs were increasing, which was creating competitive pressure.

A specific project was initiated with the aim of streamlining business processes and reducing costs. The key drivers were

- Rationalizing the individual processes by reducing the steps.
- Digitalization of the information, which enabled an increase in throughput time and the ability to distribute work better.
- Off-shoring of simple activities, leveraging the workflow, and imaging activities.
- Ability to track and trace the information flow for both management and clients.

The results so far have included

- Processes have a significantly faster throughput time (for some processes the throughput time has been reduced by more than 50%).
- The organization is now in the process of phasing out 300 employees and has recruited about 100–110 people in India to do their work.
- The organization has become more agile as more employees question the current practices and provide suggestions and ideas on how to improve them.
- The organization is on track to have 80% of their work digitalized, providing it the planned benefits of remote work as well as faster throughput times.
- The organization could easily introduce off-shoring as the processes were well documented and managed.

#### In Summary

The book *Management by Process: A Roadmap to Sustainable Business Process Management* (Elsevier, 2008, J. Jeston & J. Nelis) provides six detailed case studies in all from some of the largest organizations throughout the world. Four have provided us with permission to name them.

The book also provides a roadmap of the components that will enable an organization to maintain the ability to manage an organization via its business processes, beyond the completion of process improvement projects. This is achieved by our seven-dimensional **Management by Process Framework**.

In conclusion, we would like to provide you with a quote of one of the CEOs interviewed for the case studies in the book:

*It is amazing to see that although business process management can provide such successful results that there are so few companies and leaders willing (or daring) to truly support and implement business process improvement initiatives.*