

Business Process Improvement, What Is It?

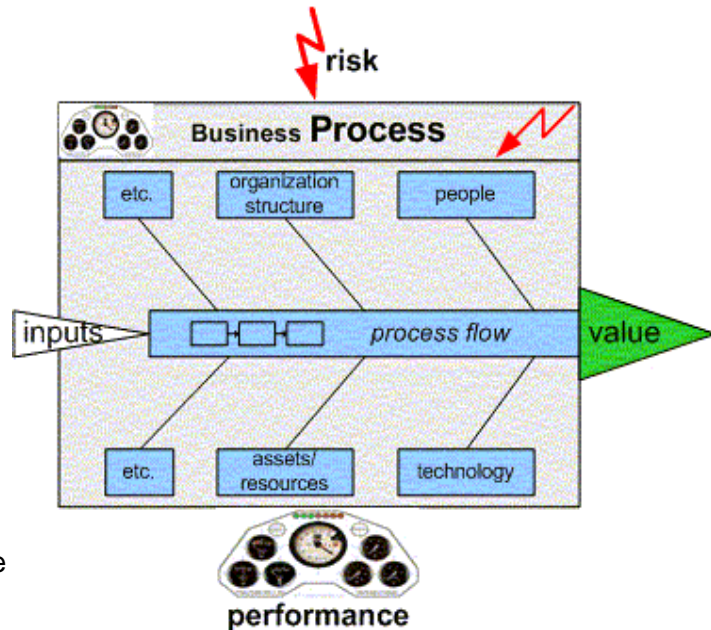
By Angelo Baratta, CMC

Ask ten people and you could get at least ten answers. I'm going to begin by giving a common definition.

A **process** is a series of activities required to produce a product or service.

It is this definition that causes people to run off and create AS-IS and TO-BE "process maps" or flowcharts. Is this what you're doing?

Organizations have been known to spend months, even years, on such activities, often with no benefit or tangible result. This view of "process" makes process improvement a one-time initiative or project that is typically undertaken by consultants (external or internal) and at great cost. It typically leads to recommendations to spend more money, usually for technology. These recommendations are a direct result of analyzing process maps which at best are an inaccurate representation of the *design* of the process. However, most process issues are not simply design issues. They are execution issues. And you won't find execution issues on a process map.



A Process is not a series of activities that can be captured on a diagram.

Which brings us back to the Business Process diagram above and the following definition:

A **Process** is a system of *cooperating components* designed to deliver a specific *value* to a customer and that value can be delivered at different levels of *measured performance*.

A Business Process is a micro-business whose performance must be managed so that it can contribute to the overall business.

There are several key concepts in our definition:

Cooperating components: People, technology, organization structure, process flow, etc. are all components of the **Process**.

Value: Although a Process has an output or deliverable, it is the *value* of that output or deliverable that is important, not the deliverable itself.

Measured performance: In a way this is the most critical concept. When you think of the word Process, the very next word that should pop into your mind is "performance". It is the performance of the Process which defines the degree of excellence.

Note that the "process flow" is only one component of the overall Process. In the diagram, the process flow is shown in the center because it ties the other components together.

The most important characteristic of a Process is how well it performs in delivering its defined value - the *Process Performance*.

If you're not managing the performance of your Business Processes, then you're probably managing tasks and activities. A sure sign that your Process is less than optimal is when everyone is 110% busy.

Since performance varies dynamically it must be managed using dynamic tools. A process map, no matter how good, is static and is not useful in managing process performance. And since management needs to be occupied with strategic issues, it is the Business Process experts (people executing the Process) that are in the best position to manage the performance under the guidance and direction of management.

However, few people understand how to do this effectively while carrying out their regular duties.

When an organization begins to think in terms of the performance of its Business Processes, then it has made its first step towards ***managing the performance*** of its Business Processes.

My approach to BPI includes implementing the following formula:

Process Excellence = Process Improvement + Process Innovation + Operational Risk Management.

The Business Process Improvement SIG is comprised of a group of professionals who are interested in sharing their approach to BPI and learning about other people's approach to BPI. To find out more about this BPI formula and others as well as to share yours, join us at one of our SIG workshops. I look forward to seeing you there.

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