Inside This Issue

Professional Process Management

By Yves Van Nuland and Grace L. Duffy

Contents

Introduction

Although the concepts of process and process management are not new, we know from our experience that some people struggle with the development and implementation of the processes in their organization. There are a number of reasons that help explain this situation:

- People are not aware of good process models.

- People often think and behave in hierarchical terms instead of in process ways.

- People sometimes associate process descriptions with ISO procedures. Although this isn't totally incorrect, the problem is that the described processes are rarely revised and become static instead of dynamic.

- People fail to make clear links with the strategic and business objectives.

- People don't associate one or more Key Performance Indicators (KPIs) to the key process. The process becomes something static and without added value for customers and shareholders.

- People don't apply continuous improvement to the description of the process. Consequently, the processes contain too much non-added value.

- Many process descriptions are too bureaucratic, not user friendly, and not transparent. In such circumstances, people won't apply those processes.

In this article we will demonstrate how to overcome the obstacles listed above. We start with an overview of our approach.

Overview of Process Management Approach

Every organization has at least some building blocks in common—organization and functioning model, process description, relationship between management of processes, and management of KPIs. When you start from the essence of your organization, i.e., the business model, it becomes quite clear what you must do and for whom: all the stakeholders of your organization. (Note that in Figure 5 we provide a one-page overview, including important relationships in an organization. We explain our process approach through use of an example, such as a hotel.)

Business Model

An organization does a number of things. It is imperative to start with what we want to achieve—the output and outcome results. However, when we ask participants during our workshops what their KPIs are, we most often get input and some process measures rather than strategic indicators. We receive few output indicators and any outcome indicators identified are more exceptions than rules.

Nevertheless, we must always start with the end in mind (Covey, 1994)—that is, what do we want to achieve in the long term? We
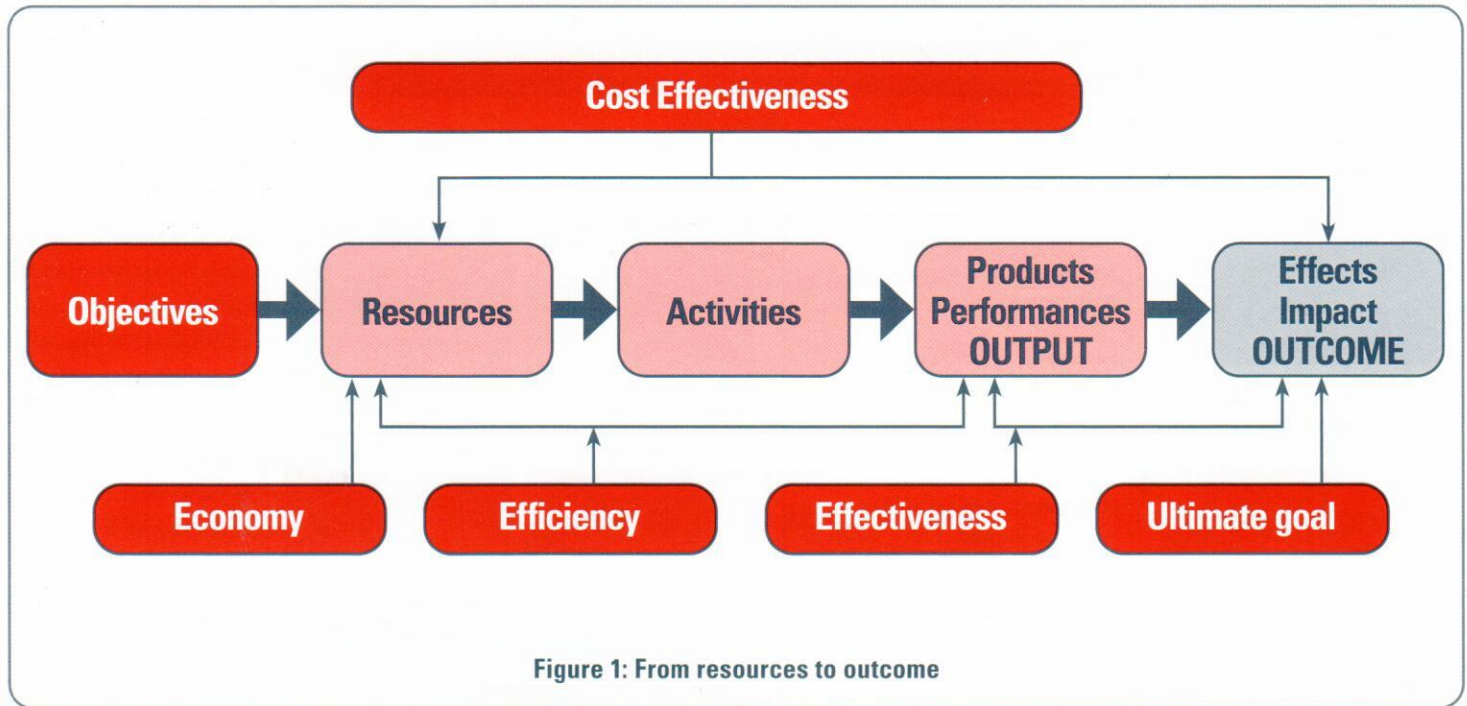
Figure 1: From resources to outcome

need to visualize this end result. The better we can visualize it, the better the corresponding KPIs can be described. From these end results we can derive the output, process, and—finally—the input indicators.

Figure 1 illustrates the differences among economy, efficiency, and effectiveness. What do we see so frequently in organizations? The budgets are well managed, comparisons are provided with previous periods (month and year) and how well the raw materials are transformed. But these are all input indicators. Output indicators are important for top management. These provide an idea of the efficiency of their work. However, the most important ones are the outcome indicators; these reflect how effective their decisions are, how well they respond to the expectations and requirements of all stakeholders, including society at large.

The parameters mentioned in Figure 2 go into more depth and illustrate which fields need to be monitored and managed.

The central block in Figure 2 (white box) gives an overview of the most important processes to be managed. It consists of three parts: key (operational) processes, supporting processes, and managerial processes.

Now that we have explained the concept of the overall organization of a company, we can go a step further. In Figure 3 we give a description of the vision and strategy of a hotel.

In Figure 4 we give an overview table of the most important stakeholders, (key) performance indicators, results, and relations with the strategy of the organization. This table is a template into which actual data can be documented and tracked, as in Figure 5.

Let's go into more detail about the process description and process management.

Definitions

First, we must define some terms.

- **Excellent results** – These include results for all the organization's stakeholders (customers, employees, partners, contractors, suppliers, society, local community). These

results meet or even exceed the expectations of the corresponding stakeholder. Such results are positive compared with benchmarks and the organization is recognized as best-in-class.

- **Sustainable results** – The results are lasting and show a positive trend for a long period (for example, 10 years).

- **Process** – A chronological order of activities and decisions transforming an input into an output and outcome (see Figure 1).

- **Key process** – These are the most important processes of an organization. They are "key" to success, and they contribute in a positive way to the achievement of the strategic goals and business plan of the company.

- **Systematic** – Regular improvement, review, and monitoring of the process.

- **Management** – Use of indicators (KPIs), objectives, audits, learning and sharing experiences, and prevention and strategy.

Organization and functioning model

		Objectives '19	Results '19

Which are the most important inputs?

What happens within the organization?

Operational key processes
R&D, sales, purchasing...
Production, logistics...

Supporting key processes
IT and data management
HR
Knowledge management

Managerial key processes
Policy and strategy
Audit of management of key processes
Self-evaluation EFQM, MBA...
Leadership development

Output

Which are the planned results?

Outcome (impact)

Which are the planned END results?

Who are the most important suppliers?

Who are the most important customers?

Who are the most important END users?

Who are the other stakeholders and partners?

Description of the external context and society?

Figure 2: Organization and functioning model

Process Description

In Figure 2 the central box is titled: *What happens within the organization*? It is a list of key processes of the organization. A process describes how the organization organizes its activities, which lead to the planned results.

We describe a process as a flowchart. It consists of two pages side by side, i.e. a left and a right. The left page describes the process as a chronological order of actions and decisions. The right page gives answers to the following questions: Who? Where? When? and How? This is repeated for every step in the flowchart and thus for every activity and for every decision. We use only two symbols in the flowchart—rectangle and diamond.

There are some additional conditions for practical reasons:

For the left page

- every activity is put in a rectangle.

- every activity is described with a verb. (Be concise and precise.)

- every question is put into a diamond.

- the diamond has only two possible answers: yes or no. When you have multiple possible answers, split your question up into simpler questions.

For the right page

in the column *Who?*

- only function names are given, not personal names. (This eliminates the need for revisions each time anybody changes position.)

- when two or more functions are responsible for one step, then the function that has the authority to decide is underlined.

in the column *Where?*

- the place where the activity is performed (site, office) or where the document can be retrieved (name of computer file).

in the column *When?*

- not only a date, but also a period or frequency can be given here, e.g. within one week, every Monday at 9.00 a.m., every month, the last working day of the month, every lot.

in the column *How?*

- if possible, identify how to perform the task, e.g. by mail, fax, phone. If this isn't possible, give the number of the work instruction, specification, standard, checklist, drawing, or method of analysis where the answer can be found.

- mention here also the name of the KPIs, which are linked to one specific activity.

By adding a fifth column, *Cycle Time*, on the right page, it becomes possible to measure the total actual time it takes for the whole process and to compare it with the best and worst times. Don't forget that each process is the sum of real added-value and non-added-value activities. The objective is to reduce the latter as much as possible.

Figure 6 is a flowchart of the Complaint from Customer process. It is only an example of how the approach works. Note that this example is not a complete description of a complaint process.

For step 8 in Figure 6, we can see that two people may perform the same task (decision). But it is the sales manager in the example who has the authority to make the decision.

It is not an ideal situation that the management has so much power. For example, why should the "technical investigation" in step 9 be performed only by the production manager? Consultation with the other production personnel could give better results.

Why might the secretary of the production manager wait two days before sending the answer to the sales department? Better would be: "the same day."

The important corrective action—the learning step from the error—is not included in the flowchart. It should be added to the process flow. Add step 12 to the flowchart.

Advantages of this Approach

The advantages of this process approach are the following:

- It is complete, because every question (What? Who? Where? When? How?) at each stage is answered.

- The presentation of processes in this way is transparent, easy for everyone to understand, and easy to use.

Case study hotel

Hotel
120 rooms
4 seminar rooms
Employees: 80 FTE

Vision: First choice
We will be the first choice for people who need a hotel

Strategies

Employer of choice
Engagement of all employees
- Leadership development
- Competency development
- Community development

Culture of innovation
- Empowerment
- Continuous inprovement (Kaizen)
- Process excellence
- New value added services

Value chain optimization
Asset utilization
- Occupancy of rooms
- Occupancy of seminar facilities
- Profitable growth, EBITDA

Customer focus
- Product quality
- Service quality
- Value added services
- Recognition as an excellent Hotel

Figure 3: Case study hotel

- Classical job descriptions are no longer needed because all the responsibilities (who does what?) and authorities (who can decide?) are now clearly defined.

- Because the system is easy to adapt and to revise, it will be very dynamic.

- In a multilingual environment, e.g. a multinational company, translations are minimized and become easy and feasible (cost effective) because the number of words to be translated in the flowchart remain very limited. The work instructions are written in the language of the user (operator).

- If one instruction is used in different steps, we can refer to the same number of the work instruction. A separate work instruction is not needed.

- Some steps in the processes are very important. Indeed, they are called the Key Performance Indicators (KPIs). We indicate these parameters by putting the step in bold and the measuring parameter in the column How? This allows the process-owners

to manage, control, and improve this crucial parameter.

- It is also possible to incorporate benchmarks. Put the value of the benchmark in the column How?

- Continuous improvement (Kaizen) means that the work instructions, drawings, and checklists (the items mentioned in the column How?) are regularly reviewed and adapted. Only a few documents will need to be revised. Because the number of copies is very limited, the resistance against this change will be low.

- The document need be present only at the place of use; the place indicated by the step in the flowchart.

- Each document contains only information that is necessary to perform each specific task. In our example, there are nine work instructions, each one page. In that work instruction, not only a brief
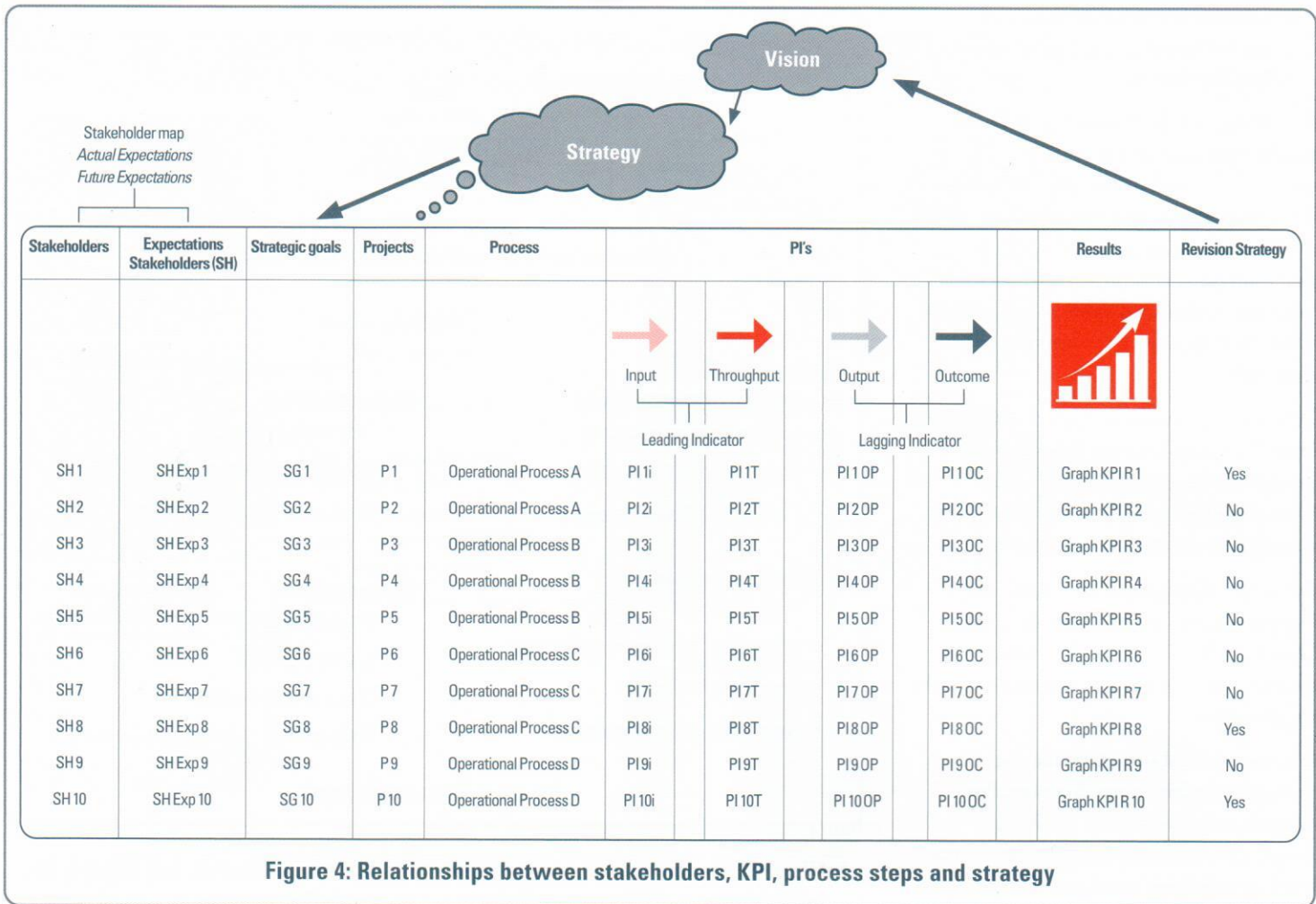

Stakeholder map
Actual Expectations
Future Expectations

Vision

Strategy

Stakeholders	Expectations Stakeholders (SH)	Strategic goals	Projects	Process	PI's				Results	Revision Strategy
					Input → Throughput → (Leading Indicator)		Output → Outcome → (Lagging Indicator)			
SH 1	SH Exp 1	SG 1	P 1	Operational Process A	PI 1i	PI 1T	PI 1 OP	PI 1 OC	Graph KPI R 1	Yes
SH 2	SH Exp 2	SG 2	P 2	Operational Process A	PI 2i	PI 2T	PI 2 OP	PI 2 OC	Graph KPI R 2	No
SH 3	SH Exp 3	SG 3	P 3	Operational Process B	PI 3i	PI 3T	PI 3 OP	PI 3 OC	Graph KPI R 3	No
SH 4	SH Exp 4	SG 4	P 4	Operational Process B	PI 4i	PI 4T	PI 4 OP	PI 4 OC	Graph KPI R 4	No
SH 5	SH Exp 5	SG 5	P 5	Operational Process B	PI 5i	PI 5T	PI 5 OP	PI 5 OC	Graph KPI R 5	No
SH 6	SH Exp 6	SG 6	P 6	Operational Process C	PI 6i	PI 6T	PI 6 OP	PI 6 OC	Graph KPI R 6	No
SH 7	SH Exp 7	SG 7	P 7	Operational Process C	PI 7i	PI 7T	PI 7 OP	PI 7 OC	Graph KPI R 7	No
SH 8	SH Exp 8	SG 8	P 8	Operational Process C	PI 8i	PI 8T	PI 8 OP	PI 8 OC	Graph KPI R 8	Yes
SH 9	SH Exp 9	SG 9	P 9	Operational Process D	PI 9i	PI 9T	PI 9 OP	PI 9 OC	Graph KPI R 9	No
SH 10	SH Exp 10	SG 10	P 10	Operational Process D	PI 10i	PI 10T	PI 10 OP	PI 10 OC	Graph KPI R 10	Yes

Figure 4: Relationships between stakeholders, KPI, process steps and strategy

description of the How? is given, but also the criteria to make a judgment whether a product is conforming or not, and the conditions that must be fulfilled for safety, health, and environmental reasons.

- It is very clear for everyone who the (internal) customer is and who the (internal) supplier is. In our example, in step 8, the sales manager is the internal supplier for the production manager (step 9). Such a distinction is important because a customer must explain his/her wishes and problems, while a (internal) supplier must listen to her/his customer, try to solve the problem and provide support.

- In case of problem solving, only the documents of the step concerned, plus the documents of the previous and next step are necessary. All the other documents are normally not necessary. This also limits the number of people who should address the problem, the volume of documentation, and the time to solve the problem.

- The process approach is also the first step in the application of Just-In-Time (JIT). Here the cycle times are necessary and could be put into the fifth column of the right page.

- The same is true for Total Productive Maintenance (TPM). The typical TPM work instructions are mentioned in the column How?

- People who are trained to perform the job are indicated on the work instructions. When the work instructions are put on the machine or wall, it quickly becomes clear who is permitted to do the job. Example: when a temporary operator is engaged and his/her name is not mentioned on the work instruction as a skilled operator for that task, the supervisor and/or manager will see at a glance that there is a risk of a problem (risk of non-conformities, safety, or environmental problems).

- It is a top management-oriented system.

- General management leads the program. Its objectives are better achieved thanks to this system. As soon as the general manager detects that this is no longer the case, she or he will intervene and improve the system. The process management must sustain the business plan and strategy of the organization. This is done through the application of KPIs, which are indicated in the flowcharts in the column How? The control and

Case Study: Hotel

Vision: First Choice

Strategy

KPI's of Management team

Stakeholder map
Actual Expectations
Future Expectations
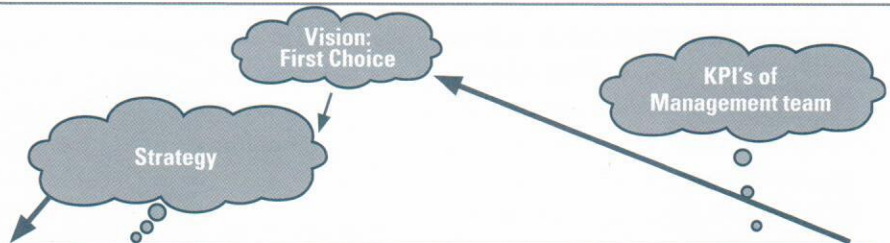
#	Stakeholders	Expectations Stakeholders (SH)	Strategy	Actual Situation	Stategic Goals	Projects	Process	Input	Throughput	Output	Outcome	Results SH (KPI's)	Revision Strategy
								INPUT	THROUGHPUT	OUTPUT	OUTCOME	KPI's	
								Leading Indicator		Lagging Indicator			
1	Customers Business	Late check in	Value added services	Ad hoc (*)	Development of this new service (*)	-	Customer process	-	% late check in	% late check in	Satisfaction survey	KPI Satisfaction survey	Yes (*)
2		WiFi	Value added services			-	Customer process		oral feedback	Feedback form	Satisfaction survey	KPI Satisfaction survey	
3		Seminars	Occupancy of seminar facilities / Value added services	250 seminars/year	300 seminars/year	Collaboration with consultants	Seminar process	# contacts with consultants # contacts with companies	# Seminars organized by consultants # Seminars organized by companies	% occupancy seminar rooms	EBIDTA	KPI EBITDA	
4		Complaints	Recognition as an excellent hotel			-	Complaint process	Complaints website	Complaints seminars	Satisfaction survey	Word of mouth advertising Repeat business	KPI EBITDA KPI % loyal customers	
5	Customers Tourists	Touristic info	Value added services	Ad hoc availability of flyers	Availability of flyers	Collaboration with partners	Customer process	-	-	Feedback form	Loyal customer	KPI % loyal customers	No
6		Complaints	Recognition as an excellent hotel Process excellence & continual improvement	12x/year	6x year	-	Complaint process	Complaints website	Complaints stay	Satisfaction survey	Word of mouth advertising	KPI 2 Word of mouth advertising	
7	Shareholders	Business	Profitable growth	Growth <1%	Turnover	-	Financial process	Cost raw material & services	Cost of waste (food)	Turnover	EBIDTA	KPI EBITDA	No
8	Shareholders		Occupancy of seminar facilities	Occupancy<75%	Occupancy (>85%)	-	Financial process		% occupancy	Turnover	EBIDTA	KPI EBITDA	
9	Shareholders	Tourists	Profitable growth		Turnover	-	Operational process B	Cost raw material & services	Cost of waste (food) Maintenance costs	Turnover	EBIDTA	KPI EBITDA	No
10			Occupancy of Rooms	Occupancy<80%	Occupancy (>85%)	Improvement of website	External communication process		% occupancy	Turnover	EBIDTA	KPI EBITDA	
11		Growth	Profitable growth	Growth >2%	Annual growth >6%	Finding new customers	Financial process	Turnover	Costs of raw materials Service costs Maintenance costs Labor costs	Margin	EBIDTA	KPI EBITDA	No
12		EBITDA	Profitable growth	6%	12%	-	Financial process		Turnover	Margin	EBIDTA	KPI EBITDA	No
13	Society hotel school	Apprentices	Community development	2 Apprentices/year	5 Apprentices/year	Improvement of apprenticeship	Apprenticeship process	# Apprentices	# Subjects learned	# Certification	New employment	KPI New employment	No
14	Society city	Employment	Community development			-	Partnership process	# Staff	-	PI 8 OP	PI 8 OC	Graph KPI R8	Yes (*)
15		Sponsoring local initiatives	Community development			-	Partnership process		# Initiatives	# Budget spent			No
16		Hotel school	Community development	2 Apprentices/year	5 Apprentices/year	Improvement of apprenticeship	Apprenticeship process	# Apprentices		# Certification			
17	Employees	Stable employment				-	HR process	# Staff	Absenteism	Turnover	# New hires for replacement	KPI New hires for replacement	No
18		Training & development	Competency development Leadership development	OK NOK (*)	Development of high potentials	New KPI's High potentials	HR Development process	# Training Budget	% Application of new learned subjects	% Advantages of new subjects learned	Profit from new learnings	KPI Profit from new learnings	Yes (*)
19		Motivation		OK		-	New idea generation		Absenteism	# new ideas	# Ideas realized Profit new ideas	KPI Profit new ideas	No
20		Salary & benefits		Average in market	5% above market average		HR process						No
21	Suppliers	On time payment		0% too late	0% too late		Supplier management process	# Invoices	# Cycle time	% paid on time Cycle time		KPI Cycle time	No
22		New business	Profitable growth	Depends on new value adding services			Supplier management process	# Proposals		# Partnerships		KPI Partnerships	No

Figure 5: Detailed table of stakeholders, KPI, processes, results, and strategy relationships
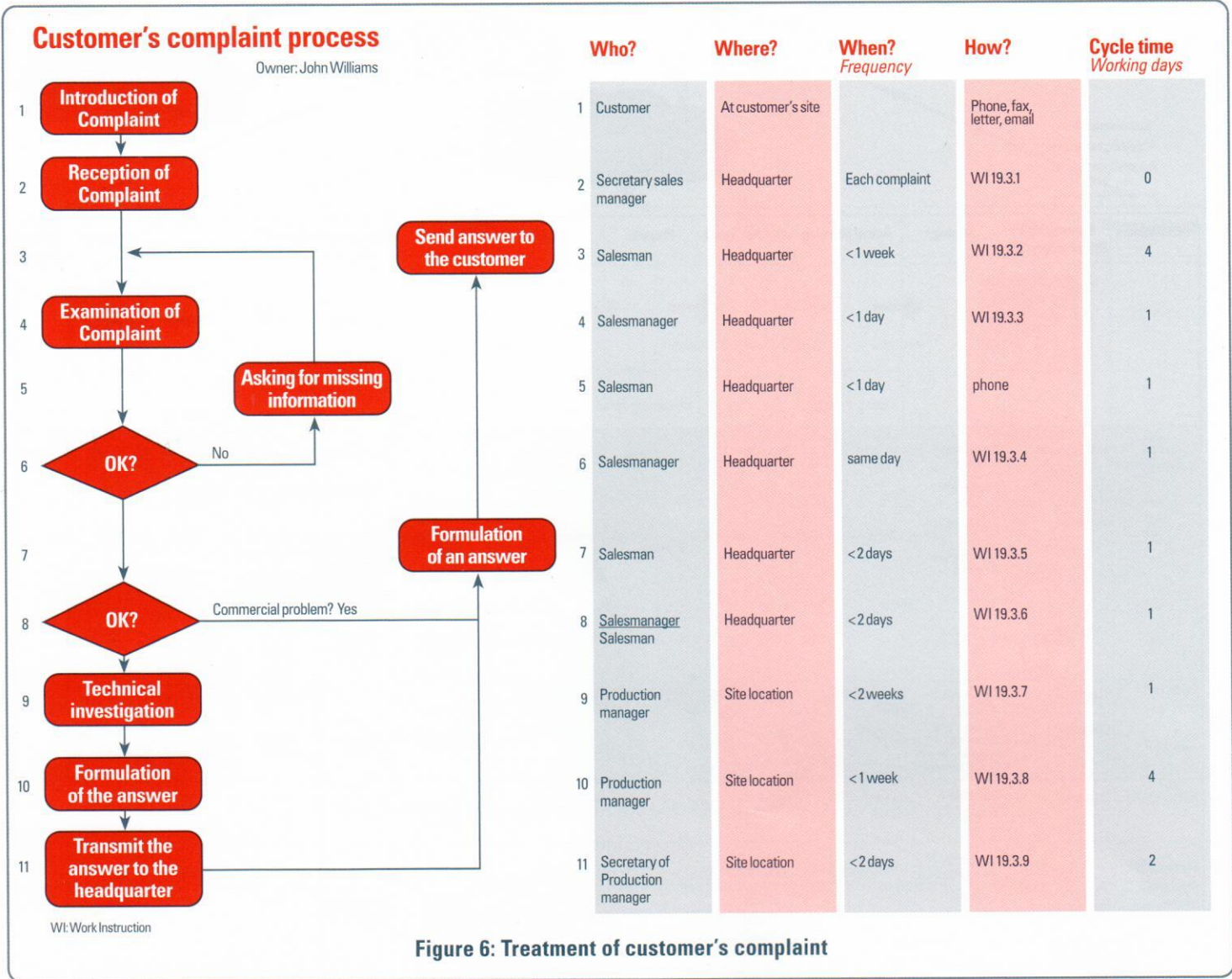
Customer's complaint process

Owner: John Williams

	Who?	Where?	When? Frequency	How?	Cycle time Working days
1	Customer	At customer's site		Phone, fax, letter, email	
2	Secretary sales manager	Headquarter	Each complaint	WI 19.3.1	0
3	Salesman	Headquarter	<1 week	WI 19.3.2	4
4	Salesmanager	Headquarter	<1 day	WI 19.3.3	1
5	Salesman	Headquarter	<1 day	phone	1
6	Salesmanager	Headquarter	same day	WI 19.3.4	1
7	Salesman	Headquarter	<2 days	WI 19.3.5	1
8	Salesmanager Salesman	Headquarter	<2 days	WI 19.3.6	1
9	Production manager	Site location	<2 weeks	WI 19.3.7	1
10	Production manager	Site location	<1 week	WI 19.3.8	4
11	Secretary of Production manager	Site location	<2 days	WI 19.3.9	2

Flowchart steps:
1. Introduction of Complaint
2. Reception of Complaint
4. Examination of Complaint
5. Asking for missing information
6. OK? — No → Asking for missing information
   Send answer to the customer
7. Formulation of an answer
8. OK? — Commercial problem? Yes
9. Technical investigation
10. Formulation of the answer
11. Transmit the answer to the headquarter

WI: Work Instruction

Figure 6: Treatment of customer's complaint

improvement of these indicators are regularly reviewed.

- It is a shareholder-oriented system. The continuous improvement of the whole system generates more profit. There must be a clear correlation between the KPI at the operator's level and the parameters, which are important for top management (profit, productivity, turnover).

- It is a customer-oriented system. This occurs by definition. The processes are described in such a way that the customer stands at the beginning of a

process and at the end of the process. All activities in the processes are steps in delivering these products and/or services to the customer in quantities, quality, delivery date, and servicing, as expected by the customer.

- It is a personnel-oriented system. Every process and work instruction has its individual owner. This person also feels responsible for holding and maintaining up-to-date process and work instructions. People are empowered, take initiative, perform measurements, make improvements, and listen attentively to the requirements of the (internal) customers. Through the achieved

improvements and results, they have a reason to be proud of their efforts.

- It is a Lean and dynamic system. Every process-owner feels responsible for "his/her process" and tries to improve it every day. By removing the non-value-added activities from the system and by decreasing the cycle times, the system becomes lean and dynamic.

- It is a flexible system. When people feel that the system isn't flexible enough, they will improve it until it is flexible. Therefore, revisions of processes and work instructions are made often.

- It is a generic management system. All the requirements for safety, health, environment, and quality are included in only one single system (of each work instruction). No other parallel systems are needed.

- It is a non-bureaucratic system. Everybody takes responsibility to remove any unnecessary action and document.

Management of Processes

A process is well monitored and managed when (see Figure 5):

- the expectations and requirements of the customers and other stakeholders are regularly monitored and reviewed (second column of the table in Figure 5).

- gaps in coverage can be clearly highlighted (as circled in Figure 5).

- the strategic goals and projects are regularly reviewed (fifth and sixth columns of the table)

- processes are regularly audited and improved (seventh column).

- the KPIs are systematically used and monitored (eighth, ninth, tenth, eleventh, and twelfth columns).

Management of KPIs

Key Performance Indicator (KPI) is a measurement instrument to give a clear picture of to what extent the key process delivers excellent results. This is the final objective of every organization—excellent results for all stakeholders, including customers, personnel, society, partners, and shareholders. Excellent means that the results show a positive performance for five years or longer, that these achieve the planned objectives, and that they give

similar or even better results than the benchmark. As we have shown in the hotel example, the results are also segmented. For example, for the stakeholder "customers" these results are business customers and tourists.

In column How? of the process description, we put the names of the KPIs. It is important that the owner of the process ensures that not only input and process indicators are mentioned. It is absolutely necessary that output indicators are also mentioned. Finally, the whole process is complete if the outcome or impact results are also described. The latter are managed through the management of outcome KPIs.

Be aware of two common pitfalls in the management of KPIs.

1. The objective of the KPI is aligned with the strategy and/or business plan of the organization.

2. Every KPI has an owner; that is, someone who is accountable for its management. He/she takes the necessary initiatives to manage and to monitor the achieved results. It is up to her/him to make the necessary decisions and choose action plans so that the intended results are also achieved.

The approach described in this paper allows organizations to achieve excellent *and* sustainable results. What more do you want to achieve? Your dream becomes reality!

Conclusion

The management of processes as described allows the reader to build a successful organization that will achieve excellent and sustainable results. Process management is

key in every type of excellence model, for example MBA and EFQM. Even quality assurance systems such as ISO 9000 stress the importance of process management. It is not enough to describe a process, you need also to make the necessary linkages among strategy, business plan, processes, KPIs and results. It is a holistic approach, not a fragmentary one.

If you create a table as demonstrated in Figure 5, you will immediately see the gaps—the missing parts. You will have a complete overview of the management of your organization in only one page!

Yves Van Nuland has worked at the Belgian FDA, PRB (chemical industry), and UCB Chemicals. As a self-employed consultant-trainer, he supports his clients on subjects such as excellence models (EFQM and MBA), Business Process Management, KPIs, and company culture. Yves is coauthor and editor of the book Excellent: A Guide for the Implementation of the EFQM Excellence Model. *He can be reached at yves.vannuland@comtech.be.*

Grace L Duffy has over 45 years' experience in successful business and process management in corporate, government, education, and healthcare. Grace uses her experience as President, CEO and senior manager to help organizations improve. She has authored 13 texts and many articles and is a frequent speaker and trainer. Grace is a LSS Master Black Belt, ASQ Fellow and Distinguished Service Medalist. She can be reached at grace683@outlook.com.