

METHODOLOGY FOR MANAGING BUSINESS PROCESSES

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An Overview of the Methodology

A General Description of Our Methodology for Improvement

Our methodology:

- Is based on the belief that employees are the most valuable resource in any organization.
- Is based on the belief that people doing work know more about their work than anyone else.
- Is designed to help employees participate in continuous improvement.
- Is designed to utilize their common sense to eliminate waste and find better and easier ways of doing work.
- Puts easily understood tools and techniques into their hands and results in improvement.
- Involves the entire organization - with corporate vision provided from the top down and operating solutions provided from the bottom up.
- Is a reality-based approach to conducting the "conversation of mankind" through which each group continually passes on the best that it has and the next group improves upon it.
- Rejects approaches that stifle this conversation - approaches that encourage throwing out what exists and replacing it with all new - often creating more problems than they cure.
- Recognizes that the strongest grip on reality is intuitive and is only available to those who have "lived there".
- Is designed for rational adults who enjoy being alive, who accept that all is not perfect and are willing to use their abilities to make life better.
- Is not for people with adolescent mentalities who think they have all the answers before they have begun the study.
- Recognizes that, because the work force is a resource it should be treasured and utilized and not treated as an expense to be shed at the first opportunity.
- Rejects making operating decisions at a distance from reality - the standard practice in bureaucracy and the central thread of insanity.
- Recognizes that any time a less informed elite imposes its will on people who are more informed, the results will be wasteful and distasteful. It does not matter if the elite is cognitive, ethnic, hereditary, religious, etc.
- Provides a practical way of living that is consistent with the way most decent people believe life should be lived but like nutrition and exercise, it requires discipline.

Ingredients of the Methodology

There are several basic ingredients in our process improvement methodology. They are

- Improvement Methodology Process Charts (IMPC).
- Forms that are completed during a project.
- Written Guidelines in Windows Help format.
- Project Guide Booklet

Improvement Methodology Process Chart (IMPC)

There is a ready opportunity for confusion when we talk about the process of studying a process. And, it gets even more confusing when we throw in another similarly sounding word, "project". However, that is the subject of this article so we had best begin by addressing it carefully. There are two types of processes. They are involved quite differently.

- The Operating Processes are the processes that we study. They are the subjects of our improvement projects. They are the processes by which an organization accomplishes its work and we study them in order to find ways of doing the work more effectively and efficiently.
- The Improvement Process is the process that we follow when we study operating processes. It includes the things that we do in order to accomplish an improvement project.

When we study operating processes we make process charts. These charts describe the way the work is done in well-defined steps with sequences and interdependencies clearly noted. We have also made a process chart for the improvement process (the IMPC) and it offers the same advantages.

The IMPC is a chart that guides a Process Improvement Coordinator/Facilitator (C/F) through process improvement projects. By following the chart the C/F is reassured that things are not being overlooked. The C/F can launch the various forms that keep track of a project as they are needed and has detailed help available for every aspect of the project. For the new C/F this is invaluable. For the experienced C/F it stretches his or her abilities making it easier to support multiple projects simultaneously.

Forms that are Completed During a Project

Forms are used throughout an improvement project as follows:

1. An Agreement Form – is completed at the start of a project. It addresses the project's:
 - Type
 - Objective
 - Scope
 - Participants
 - Timing
 - Agreement Signatures
2. Meeting List Form – is completed during each meeting of the improvement team in order to capture:
 - Improvement ideas
 - Assignments

3. Benefit and Cost Work Sheets – are completed as an improvement project proposal is being prepared, to document benefits and costs associated with:
 - Labor Costs
 - Material Costs
 - Equipment Costs
 - Processing Time
 - Paper Usage
 - Error Rates
 - Miscellaneous, including floor space, construction, sales volume, interest, inflation, discounts, demurrage, legal vulnerability, theft, morale, comfort, safety, and flexibility.
4. Activities Checklist - is completed after the proposal has been presented, listing those recommendations that were accepted and checking off the activities that must be completed to get them implemented. There are seven types of activities on this form:
 - Forms
 - Equipment
 - Training
 - Policies
 - Procedures
 - Programming
 - Facilities
5. Activities List – is completed using the activities checklist. It contains:
 - A description of each activity.
 - The name of the person who is responsible for each activity.
 - An expected completion date for each activity.

Each of these forms can be launched from the IMPC.

Written Guidelines in Windows Help Format

In addition to launching the Project Forms from the IMPC, the project coordinator/facilitator can also access subject specific online help. These helpfiles address guidelines and skills associated with:

1. The Philosophy of Improvement
2. Initiating a Project
3. Fact Gathering
4. Drawing Process Charts
5. Analyzing Process Charts
6. Developing an Improved Process
7. Preparing a Proposal
8. Presenting a Proposal
9. Implementing Approved Changes
10. Managing the Process Chart Library
11. Closing a Project

Project Guide Booklets

Project Guide Booklets provide copies of the forms needed to complete a project and an outline sufficient to lead an experienced coordinator/facilitator (C/F) through a project.

Types of Projects

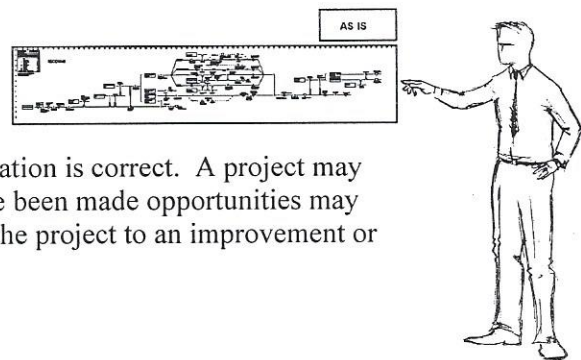
There are six types of projects, each of which calls for a slightly different methodology. The six types are:

1. Documentation Projects
2. Improvement Projects
3. Renewal Projects
4. Standardization Projects
5. Development Projects
6. Maintenance Projects

The IMPC leads the coordinator/facilitator to establish the type of project during the initiation phase of the project. Once the project type has been determined the C/F clicks on a link labeled with that project type, the IMPC immediately changes to a chart that is appropriate for that type.

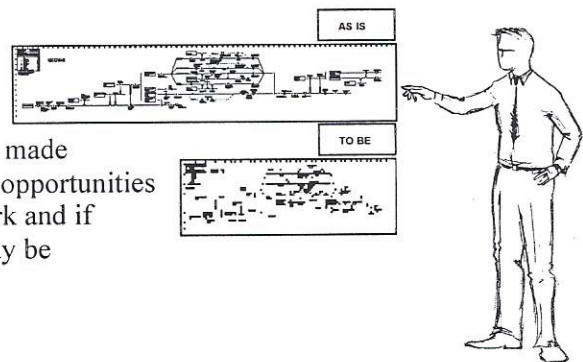
Documentation Projects

In a documentation project, one or more processes are documented but there is no intention of doing any improvement on them. They are simply charted and reviewed by operating people to assure that the documentation is correct. A project may begin as a documentation project and once the charts have been made opportunities may surface that are sufficiently attractive to merit upgrading the project to an improvement or a renewal project.



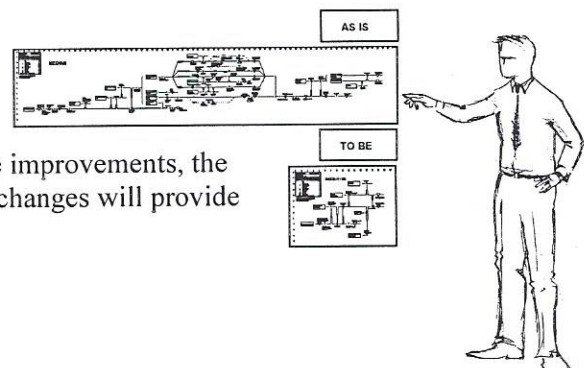
Improvement Project

In an improvement project one or more operating processes are documented and reviewed. A team of operating people is formed to review the charts to assure that they are accurate and to find improvements that can be made without major development effort. They also may identify opportunities for further improvements requiring major development work and if these opportunities are sufficiently attractive the project may be upgraded to a renewal project.



Renewal Project

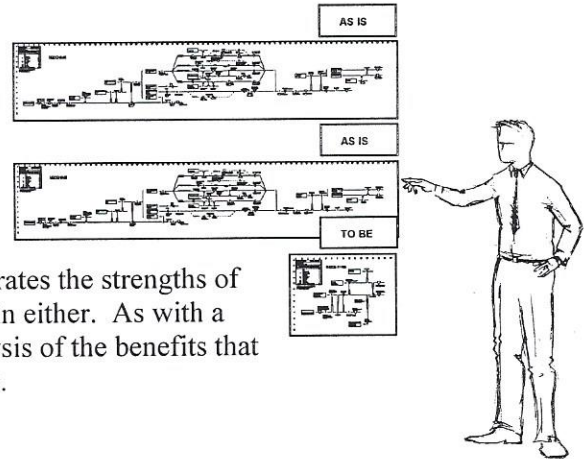
In a renewal project, one or more operating processes are documented, reviewed by a team of operating people and thoroughly overhauled. The charge to the team is to develop with the best improvement that they can. This may require major development effort. As they develop the improvements, the team is expected to carefully analyze the benefits that their changes will provide and the costs that they will incur.



Standardization Project

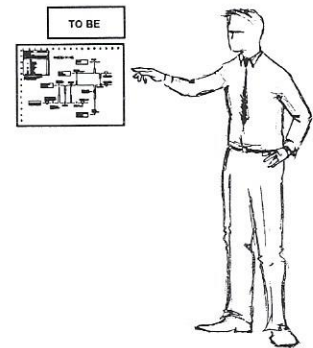
In a standardization project different groups are performing an operating process in different ways. These projects often follow corporate mergers or they may involve large organizations with satellite operations such as banking, retail chains and franchises, etc. Both operating processes are documented and a team is formed from each of the work groups. They review both charts.

The charge to the team is to develop a process that incorporates the strengths of each and includes features that are better than those found in either. As with a renewal project, the team is expected to make careful analysis of the benefits that their changes will provide and the costs that they will incur.



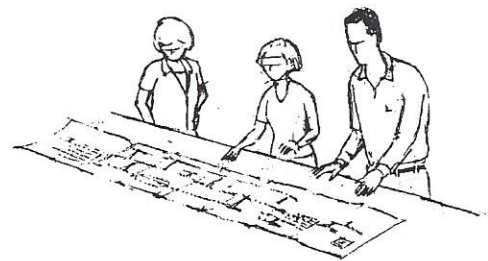
Development Project

In a development project, there is no existing process. A new process is being developed. A team is formed of operating people who have relevant experience and charts are prepared. The team works with the charts, reworking the process until they are satisfied that it has been thoroughly thought through. Then they test it as best they can, present it for approval and, when approved, install it.



Maintenance Project

In a maintenance project, approved process charts already exist. These charts are reviewed by a team of operating people to assure that they are accurate. If changes have occurred in operations that are not reflected on the charts, they are updated. As with a documentation project, opportunities may surface that are sufficiently attractive to merit upgrading the project to an improvement or a renewal project.



Phases of a Project

There are five major phases to a process improvement project. They are:

1. Initiation
2. Fact Gathering and Charting
3. Analysis and Improvement/Development
4. Proposal and Approval
5. Implementation and Closure

These phases are, for the most part, sequential and are marked by rather distinct accomplishments.

Initiation

The Initiation Phase of a project includes the work of defining the project. It is completed when an agreement form is signed by the manager(s) of the operating area affected by the project and the improvement staff management. (This occurs with all project types. However, signatures may not be required for Maintenance projects)

Fact Gathering and Charting

The Fact Gathering and Charting Phase of a project includes the work of gathering data and assembling that data in a process chart or charts. This phase is completed when the charts needed for the project have been drawn and determined by the improvement team to accurately represent the "AS-IS" process(es). (This phase is not included in Development or Maintenance type projects.)

Analysis and Improvement/Development

The Analysis and Improvement/Development Phase of a project includes the work of reviewing the process chart or charts to develop improvements. This phase is completed when the team agrees that they have arrived at the "TO-BE" chart that they will use to prepare their proposal. (This phase is not included in Documentation and Maintenance type projects.)

Proposal and Approval

The Proposal and Approval Phase of a project includes the work of preparing and presenting a proposal. This phase is completed when management has arrived at a decision for each recommendation and the approved changes have been turned back to the team for implementation. (This phase is not normally included in Documentation, Improvement, and Maintenance type projects. It may also be omitted on Renewal, Standardization and Development projects if the organization is willing to pre-approve them.)

Implementation and Closure

The Implementation and Closure Phase of a project includes implementing the approved changes, approving a chart for the process chart library and summarizing the benefits and costs. This phase is completed when the summary of benefits and costs is completed and the approved chart of the new process is in the chart library. (The benefits and costs portion of this phase is not included in Documentation type projects but the library portion of this phase is included in all project types.)

The Role of the Coordinator/Facilitator

The role of the coordinator/facilitator (C/F) is to provide professional quality support to the improvement effort. A C/F should be familiar with the Improvement Methodology Process Chart and the various forms and techniques that are used in conducting improvement projects. The C/F will either do or assist in doing the following activities:

- Completing the project agreement form.
- Assisting management in selecting and forming the improvement team.
- Briefing the improvement team on the project and the improvement process.
- Collecting the data and preparing the process chart(s).
- Familiarizing the team with the chart(s).
- Coaching the team through the analysis and improvement development.
- Recording the ideas of the team and assignments made during improvement meetings.
- Searching out information for the team that is outside of the experience of the team members.
- Preparing revisions of the process chart(s) that reflect the ideas of the team.
- Assisting the team in calculating the benefits and costs of the recommendations.
- Writing the first draft of the proposal.
- Guiding the team through their rewriting of the proposal.
- Coaching the team in how to present their proposal.
- Briefing the senior manager associated with the project on his or her role in directing the proposal meeting.
- Assisting the team in preparing the Activity Checklist and the Implementation Activities List.
- If needed, preparing Gantt or network charts for the implementation.
- Assisting the implementation coordinator in completing the implementation.
- Assisting the team in calculating the final benefits and costs of the project.
- Filing the closed project folder.
- Placing the approved process chart in the process chart library.

This may appear to be a rather formidable list of responsibilities. Taken one at a time, however, they are all quite doable.

There is no fixed mold for a successful C/F. Projects have been effectively supported by men, women, young, middle-aged, old, people with backgrounds in engineering, the arts, medicine, people with little formal education, etc. There are, however, characteristics that seem to help and some that get in the way. It helps to be:

- Tenacious enough to work past the inevitable disruptions.
- Personally well organized.
- Able to stay out of the organizational politics.
- Able to keep focused on basics.
- Energetic.
- Good with detail.
- Good with graphics.
- Not too bossy.
- Not anxious to take the credit for project success.
- Able to genuinely enjoy helping others to be successful.
- Confident in one's own good sense and respectful of the good sense of others.
- Able to distinguish between good sense and popular pseudo-wisdom.

This, too, may appear to be a formidable list. Actually it describes a nice person. And, there are lots of them. Well-run organizations seem to have more of their share of them for several reasons such as:

1. Nice folks have more chance of doing their best in well-run organizations and therefore they tend to stay there when they get there.
2. Nice folks tend to leave organizations that reward childish/political behavior if they are talented enough to compete well in the labor market.
3. If nice folks, even highly talented ones, find themselves locked into childish/political organizations they tend to regress into childish behavior themselves.

Organizing for Continuous Improvement

An Improvement Department

When establishing an Improvement Department there are several important considerations:

- Placement in the Organization
- Staff
- Tools and Equipment
- The Process Chart Library
- Facilities

Placement in the Organization

The key to the location of an improvement department in a corporate structure is found in the nature of the work processes that they will be studying. Work processes pass through departmental walls as if they were not there. It is imperative that people who lead the effort of documenting and improving them have access to follow them wherever they go. Usually this means that the department must report to someone who has broad authority.

This should not be interpreted as a play for high rank in the organization in the form of titles and salaries. How those things are resolved is not the purpose of this article. If the organization considers the development and maintenance of work processes to be important, it should recognize appropriately the people who do this work. But, they will never get masterful work processes if the people who work on them, regardless of their titles and salaries, do not have access to follow the work.

Staff

It does not take a large group to lead the process improvement activities of a large organization. The principal reason for this is that the people who coordinate and facilitate the process improvement projects are not the ones who solve the process problems. It is their responsibility to organize the facts of the processes and work with teams so that the organization can capture the good sense of the people who know the most about the work. A few people who fit the descriptions of coordinator/facilitator described in the last section can do more good for the work processes of a large organization than a legion of bureaucrats fussing over the work processes and trying to design and control them themselves.

If coordinator/facilitators enter into the work of process improvement as described in this article and turn out to be good at it, they will rapidly accumulate very valuable knowledge about the inner workings of their organization. That along with the talents they develop for tapping into the work skills of operating people prepares them beautifully for positions in supervision and management. An organization that gradually fills many of its management positions with people who have successful prior experience in

process improvement can expect to support excellent work processes. So, the staffing of the process improvement group can be looked upon as an opportunity for promising employees to study the organization and learn how to bring out the best in operating people.

A small staff of people so dedicated can do wonders for an organization. Picture a group containing two or three dedicated professionals who are in process improvement for the long haul. Then add to these core people a steady flow of promising younger employees who are to spend several years learning how the organization works and preparing themselves to lead groups. Those who prove effective in this work move on to supervisory and management positions where they are able to provide knowledgeable support for process improvement. What is created in this way is a small but vital catalyst for continuous improvement.

Tools and Equipment

The tools and equipment required by such a department are minor. They include:

- PCs or terminals supported with standard software to handle:
 - Process Charting – at the detailed, step by step level.
 - Spread Sheets.
 - Word Processing.
 - Graphics.
- Printers including:
 - Laser.
 - Wide carriage dot matrix (for printing continuous process charts).
 - A large plotter is helpful.
- A drafting workstation for preparing some graphics may be helpful.
- Shelving sufficient to store project files.
- Phones.
- A Fax.
- Access to Internet on at least one machine, which may be isolated from the rest for security reasons.
- A copying machine.

Use Graham Process Charting Software because it assures that charts are prepared at a level that keeps the effort in contact with reality. If process charts simply display boxes containing generalizations connected by arrows the efforts will prepare people to become bureaucrats rather than effective masters of their work processes.

The Process Chart Library

The effectiveness of the organization's Process Chart Library is critical to its success with continuous improvement. Some of the major considerations in managing this library are:

1. One person keeps it up, making certain that approved charts are not altered and managing a chart maintenance schedule.
2. In addition to the PCs/Terminals mentioned above, there should be one that is used to maintain this Library.
3. It, the library, provides the charts for all maintenance-type projects.
4. It also provides charts for improvement, renewal and standardization-type projects when the charts are available.
5. It can provide reference and training support over a company network in a read only fashion.
6. It receives new approved charts at the close of every process improvement project.

Through the effective management of the Process Chart Library, continuous improvement becomes a visible reality throughout the organization.

Facilities

In addition to the space required for the staff and equipment described above it is important that the Process Improvement Department have meeting rooms available for holding improvement meetings with teams. It is also helpful to have wall space available for displaying process charts.

Summary

The comprehensive methodology for improving work processes provides detailed guidance for project coordinator/facilitators. This guidance is available in a number of forms so that the C/F can use it as needed without being bogged down by it. It can greatly increase the speed with which a C/F becomes productive. It can also increase the effectiveness of the C/F in speed of completing projects, number of projects handled simultaneously and the quality of improvements created.

Used consistently this methodology makes continuous improvement a reality. Valuable knowledge that is developed with each process improvement project remains with the organization. Work processes are improved and people are developed simultaneously. Unlike the organization that relies on consultants and becomes increasingly dependent upon them, the organization becomes increasingly self-reliant. The organization operates with excellent work processes performed by the proud, enthusiastic people who built them.