

Pearce Consulting Ltd

Newsletter



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Delivering Value to customers

Companies that are easy to do business with will survive



Delivering value to customers with a business process model.

In Michael Hammer's book "The Agenda" he advocates that companies that are "easy to do business with" and provide clients with "more added value" will be the ones that survive and grow. He also states that these twin goals are only achievable if the business is focused on the business processes it uses to deliver its core capability to clients. Although Hammer focused on the "customer facing" processes as being in the value chain, efficient management of the supporting processes, the enablers for the value chain, are equally as important.

In Deming's book "Out of the Crisis" he maintained that only drastic change would achieve the transformation required by businesses to achieve improved management. He also advocated that the first step in transformation is to learn how to change. Achieving transformational change is notoriously difficult but can be achieved by understanding the current value chain and involving key staff in the development of the improved value chain. I.e. by creating a business process model.

Focus on Business process management

Many organisations are developing Business Management Systems based around their business processes. That is the day to day activities and tasks performed by all staff throughout the organisation to deliver value to clients. In order to achieve this there are four key requirements.

- Clear direction and leadership from the top of the organisation.
- Hierarchical ownership of processes throughout the

Clients are looking for more ownership of business processes from their suppliers

organisation.

- A business process model supported by a collaborative technology platform.
- A team approach to process improvement.

In addition many clients are requiring their suppliers to provide evidence that they have a process focused approach to their business for example the Highways Agency model form of contract requires:

- Senior managers operating at director level to take personal accountability for the design and performance of the organisations processes at the enterprise and local level.
- All process designs must be robust and capable of delivering at least the requirements of the contract.
- Processes must be lean and provide assured performance.

To achieve these objectives the development of a business process model is a fundamental starting point which provides the collaborative framework around which process management and process improvement can thrive.

A business process model is a hierarchical model developed from a single diagram describing the core/ operational processes and the supporting/ enabling processes for the business.

The core operational processes are those in the value chain that add value for its external customers

Typically these would include;

- Developing products and services
- Winning work from customers
- Delivering products and services
- Supporting and managing customers



Processes are owned by senior members of the leadership team

Supporting processes typically include HR, IT, Finance, Asset management, which should support the operational processes as effectively and efficiently as possible.

Each of the top level processes is owned by a senior member of the leadership team, typically a board Director or Partner. They are responsible for managing the process, maintaining its efficiency and effectiveness and are responsible for resolving any interface issues with other process owners, suppliers and subcontractors.

Where is the value?

Clients sometimes say that's all good stuff but it's going to take a lot of effort, is it worth it? The simple answer is definitely, provided it's done correctly and staff are engaged in the process at all levels.

The leaders in a business define the strategy and pass this on to middle managers to develop into plans which are carried out at operational level. By having a transparent hierarchical model it is possible for the leadership team to see how their strategy is being deployed into reality at the coal face of the business. Managers can see where value is being added to the processes for their clients and can quickly identify and remove any barriers that are hindering the operational staff doing their jobs efficiently and effectively.

Developing process models usually results in:

- A greater clarity of the objective and ownership for the processes.
- A lean approach to delivering value to customers
- Consistency in service delivery across the business.
- Greater clarity of the interfaces between processes, reducing risk to the business.

Good process models will enable you to make a clear link between the performance improvements that the organisation is striving to achieve and the contributing processes.

Without a process model, process improvement projects become

Effective business process
models link performance to
processes

isolated and risk moving costs and inefficiency to other departments or processes. Without the holistic view of the process that the model provides it is difficult to appreciate the overall effect of changes on the business and the impact this will have when the changes are implemented.

Good luck with your next change project.