



TSI Info Source

A newsletter of ideas, comment, and dialogue.

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Greetings!

Welcome to spring (to those of us in the northern hemisphere) and another season of renewed hope for the Chicago Cubs (only 1/2 game out as of April 3). Over the past several months we've had several requests to discuss how initiatives to define and improve processes, and the structure of the organization, relate to the deployment of new or enhanced automation in an organization.

This article, titled *An Ounce of Process Analysis is Worth a Pound of Technology Implementation*, takes a direct approach and addresses the issues surrounding process definition and improvement in conjunction with technology deployment. Inside, we will offer our opinion and suggestions on this topic shaped by working with over 65 clients to improve their processes and use of technology. Specifically, this article provides insight regarding why one typically does not (and why one should) analyze their processes when deploying technology, what happens when you do (as well as when you don't) and how to move forward.

As always, we welcome your feedback. If you would like to share your thoughts, questions or suggestions about future topics, feel free to send us an e-mail at info@transforming.com. If you would like to contact us regarding consulting assistance you might be considering, please send an e-mail to dfeely@transforming.com.

- The Editors

An Ounce of Process Analysis is Worth a Pound of Technology Implementation

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"...the costs of introducing new technologies to support the old way of doing business -- 'paving cow paths' -- will result in both the inflexibility of the resulting system and the sub-optimization of the resulting processes."

"Speed to market". "I want it done yesterday". "Use the latest technologies". "The package or tool we purchased should already mimic best practices". "We have already changed our processes four years ago".

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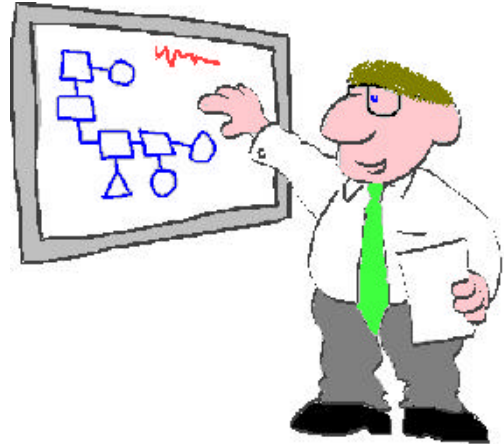
We hear these phrases time and time again in the context of technology projects. This is the real world that almost every technology-oriented professional/executive lives in.

Ironically, few technology project teams take the time to define, analyze and scrutinize the way work is done, before investing in automating it.

Why should you care?

Here are a few reasons why processes should be defined and analyzed prior to automating them.

A). Due to the expense associated with defining requirements for and selecting, building and implementing new technology, the probability for a positive return on the investment in the new automation is very unlikely when processes are not reengineered. B). Due to the costs associated with rework (concerning design and development) and having idle resources at times, in many cases it will cost more to design and develop an application when processes are not defined first. C). The quality of the application and the utility gained by using it is greatly reduced when the application is not the result of well thought out processes.



This article not only explores this dilemma and some of the resulting implications but also provides several suggestions to overcome it.

Causes and Effects - Why are processes ignored?

Here are several causes that prevent a project team from digging into defining and improving processes.

- "Have always done it that way" – many systems professionals are taught to look at the existing system and interview users to define systems requirements. Most technology professionals would agree that it is relatively easy to replicate existing functionality with new technology and, in the best of all cases, add a few bells and whistles along the way. Unfortunately, the overwhelming majority of systems in operation today were never designed the way a process should work. As a result, the application(s) do not to maximize the effectiveness of the people who use it or make it easier to do business with the customer. Why else do many organizations and their employees need to use system A to do the beginning of their process, system B to perform the middle steps and systems C and D to complete the work? At times, we tend to automate some of these "silos" in the environment in which we work.

- **No time** – there is no doubt that many timeframes we set for ourselves and others set for us are ambitious or unrealistic. Who has time to define and analyze processes with deadlines to meet? Who has time to find an experience process facilitator? As you can probably guess (and may have experienced) this scenario triggers the downward spiral of inefficiency that could be avoided if we could convince the stakeholders to take a slightly different approach.
- **No process expertise** - many people shy away from process analysis because they aren't sure where/how to get started, how much detail to get in to and what the end result of process analysis should be. As a result, many systems professionals (and their customers) go down the systems development path most frequently traveled instead of the one that will yield the most favorable results.
- **Misconception that the software package has built in Best Practices** - it's funny that many software vendors tout their products as having "best practice" processes built in, yet they are flexible enough to be tailored to every industry and in every conceivable way to operate the process. The notion is an oxymoron. The reality, regardless of the package you are considering, is this – the package is only as good as the process that it is designed to enable AND the underlying functionality/technology of the product. One without the other is only a partial solution and will cause the performance of the processes to be more costly, slower and with poorer quality.
- **Preference to look at processes later** – both IT and business leaders can be guilty of wanting to get an application up and running and then take a look at how processes can be improved later. Rarely have I witnessed an organization that wants to revisit the processes once a large application or system is operational. In all likelihood, the processes will not be analyzed after the fact.



A Few "Real Life" Examples

What Happens When You DON'T Look at your Processes First?	What Happens When You DO Look at your Processes First?
<ul style="list-style-type: none"> • Large drugstore chain claims that ineffective time-consuming ES implementation caused it to go into bankruptcy; • Study of 62 Fortune 500 companies who implemented ERP revealed the systems did not lower need for personnel, reduce inventories, shrink maintenance costs... • Estimates of 90% of ERP implementations end up late or over budget (Standish Group); • Takes an average of 23 months to implement ERP system and 31 months to see demonstrable benefits (Meta Group); • While most companies EVENTUALLY realized positive cash flows, the average company incurred a negative cash outflow of \$1.5 million over 5-6 years. 	<ul style="list-style-type: none"> • Global software developer develops capability to recruit and retain employees within the organization (as opposed to going outside) – saves over \$1.75 million in recruiting fees/year. • Leading maker of CAD software reduces order fulfillment time from 2 weeks to 24 hours as a result of improved processes and technology; • Large microelectronics company reduces order fill time from 18 days to 1.5 days; closing financials from 8 to 4 days; • Large bank/investment firm reduces new hire cycle time by several weeks and saves close to \$1 million annually by collecting company property when employees leave.

What you can do about it?

Here are the key actions you can take to add greater value to the technology projects in which your organization is involved.

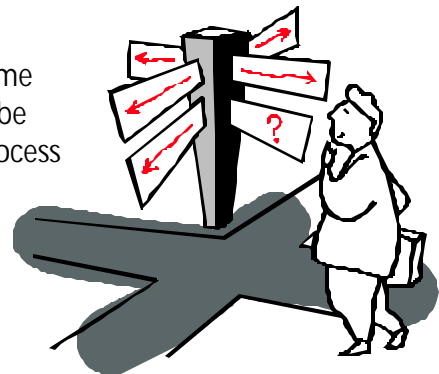
1. **Make Time** – it is essential to build some time in the project plan to define and analyze at least a few key processes relating to the area to be automated. This should take place at the beginning of the project - schedule this prior to defining requirements. Starting small, in terms of defining a few of the key processes and business scenarios, is a great way to begin.
2. **Become a Process Zealot** – While brain surgery is a process, process work is not brain surgery. However, there are definitely right and wrong ways to go about it. There are also ways to waste a lot of time and not get the desired results. If you can train yourself (via a good 2-day course is very adequate – see www.transforming.com/training), explore some process-focused books, periodicals and websites and you will be well on the road to converting yourself into a process leader/thinker and making a big difference in the way technology projects are implemented.

3. **Convert others** – one of the best ways to convince others to become “process thinkers” is to help develop awareness through education and exposure (to good, relevant process articles). Copy a good article from Fast Company or Harvard Business Review. Sign them up to the TSI newsletter (<http://www.transforming.com/register.htm>) or encourage them to receive training.
4. **Get Professional Help** – whether you have a good in-house process expert who can objectively facilitate process definition and analysis work sessions and bring an outside (of your company/industry) perspective or if you need to find a resource externally – it will benefit the process/application areas greatly in the long run to define how the processes should work (and as a result, what the business requirements should be **in a way that the process SHOULD work**). This will also prevent a situation that I’ve seen many times – having idle designers and developers waiting on the “business people” to define what they want the system to do.

A good process facilitator will be capable of discerning what processes to define and which to avoid. Further, this facilitator should also be able to clarify what the deliverables/outcomes from this should be. Be sure to learn from this person so you can take a more active role next time. Be successful the first time through it so there will be a “next time”.

You have undoubtedly heard the saying “an ounce of prevention is worth a pound of cure”. Well, how about an ounce of design is worth a pound of development. To take that even further, a gram of process improvement can yield a ton of benefits because the technology and requirements will mimic the way work should be done, the users will provide greater input to the design of the system (so they can’t complain about it later), and designers, developers and testers won’t redo work or be idle due to the lack of information regarding how the system is supposed to work.

5. **Change your Systems Development Process/Methodology** – after you have received some training and maybe converted a few key people to be “process thinkers”, consider changing the actual process that all projects follow when deploying significant enhancements or new automation. The changes should include defining, analyzing and improving improved processes **AS A MANDATORY STEP** in the systems development lifecycle.



Summary

In summary, when it comes to the implementation of technology (and how process definition/improvement/management fits in) – keep in mind the USA Principle - Understand, Simplify, then Automate.

Dan Feely (dfeely@transforming.com) is the managing partner with TSI (Transforming Solutions Inc.), a process improvement consulting and training firm in Chicago and Denver. Dan and his partners **help organizations achieve significant improvements in service quality and delivery and customer satisfaction.** Please visit us at our website (www.transforming.com) or call us at 312.492-6400.

TSI Purpose:

TSI's purpose is to be a vital source of process improvement and organizational development expertise for our clients. We recommend and implement creative, cost-justified and sustainable solutions. We aim to deliver tangible results beginning as quickly as 30 days. Our projects have a rapid and positive return on investment.

TSI Services:

We improve our clients' business performance by:

- Defining and implementing more efficient and effective Business and Information Systems processes;
- Refining organizational structures (e.g., reporting relationships, roles and responsibilities, etc.) that clarify and simplify how work should be done;
- Aligning organizations' strategic mission and objectives with the tactical initiatives currently underway or under consideration;
- Managing key IS/IT or business improvement initiatives for our clients;
- Coaching key management and executives to achieve specific business results and outcomes;
- Training key personnel to improve their processes independent of ongoing external assistance;
- Determining how technology can enable improved processes and higher levels of performance.

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HOT LINKS ABOUT *PROCESS*

Business Guide to Reengineering - <http://www.reengineering.net/> - this site has a comprehensive listing of books/sites about BPR, Change Management and related sites.

American Society for Quality - <http://www.asq.org/> - good website with reference articles and links for Quality Certification.

Transforming Solutions, Inc. (TSI) - www.transforming.com - great consulting website with previous newsletters and ability to sign up to receive newsletter automatically.

Assignment Editor - <http://www.assignmenteditor.com/> - a great general reference site for newspapers, online periodicals, and other interesting links.