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A newsletter of ideas, comment, and dialogue for those who care about improving the performance of their organization.

Welcome to our first issue of 2005. Often we get asked, “what websites and what books do you like that help in keeping up to date on what the latest practices?” Well, in this issue, we have attempted to provide a few websites, books and magazines that we frequent.

Also in this issue we have a partial reprint of an outstanding process article that was featured in Supplychainbrain.com. Lastly we provide information on an exciting announcement about a great start up resource for consultants who work independently or in small groups – it’s called mybizio.com.

We hope that this information is of value to you and others in your organization. Further, we hope that you would consider TSI for any of your 2005 projects. We can make a significant difference on your project and would like to be a resource to you. There is a good chance that we have done a project similar to the one you are embarking upon – please call 312-738-8930 x202 to talk about your specific needs and how we might help you. Any feedback for us? Please send us an e-mail at <mailto:tsiinfosource@transforming.com>

	Strategy	Operations and Quality	Organizational Development	
Websites	Quick MBA – http://www.quickmba.com Harvard Business Review - www.hbr.com Montgomery Research - http://www.mriresearch.com/index.asp <i>Business 2.0</i> - http://www.business2.com/b2/	BP Trends – http://www.bptrends.com Lean Enterprise Institute – www.lean.org Deming - http://deming.eng.clemson.edu/pub/den/ Chicago Quality Assurance Association - http://www.cqaa.org/ Supply Chain - http://www.supplychainbrain.com/	University of Michigan – Rapid Plant Assessment – www.bus.umich.edu/Organizations/rpa/ Myers-Briggs Home site - http://www.myersbriggs.org and http://www.humanmetrics.com/cgi-win/JTypes2.asp - this is for the online test	G K h E P W a S d M e a L S h S M

	Strategy	Operations and Quality	Organizational Development	
Books and Magazines	<p><i>Harvard Business Review</i>; Harvard Business School Press, 1-800-274-3214</p> <p><i>Strategy and Business</i>; Published by Booz, Allen & Hamilton</p>	<p><i>The Goal – A Process of Ongoing Improvement</i>; Goldratt, Eliyahu, North River Press, Second Revision 1994</p> <p><i>The Process Edge - Creating Value Where It Counts</i>; Keen, Peter - Harvard Business School Press, 1997</p> <p><i>Dr. Deming – The American Who Taught the Japanese about Quality</i>, Aquayo, Rafael – Simon & Schuster, 1990</p> <p><i>Quality Audits for Improved Performance</i>, Arter, Dennis – ASQ Quality Press, 1994</p> <p><i>Improving Performance</i>, Rummler, Geary, Brache, Alan, Second Edition 1995</p> <p><i>Beyond Reengineering - Hammer</i>, Michael; Harper Business, 1996</p> <p><i>Japanese Manufacturing Techniques – Nine Hidden Lessons in Simplicity</i>, Schonberger, Richard – The Free Press, 1982</p>	<p><i>Zapp - The Lightning of Empowerment</i>; Byham, William; Fawcett-Columbine, 1988</p> <p><i>The 7 Habits of Highly Effective People</i>; Covey, Stephen; Simon and Schuster, 1990</p>	

Control the Process: The Benefit of Business Process Management

By Russell W. Goodman

The impetus to examine and tweak business processes may stem from pressures from government regulation, Wall Street or any of a number of market forces. Regardless, those who have no BPM initiative are at a competitive disadvantage.

For the entire article, go to -

<http://www.supplychainbrain.com/archives/01.05.bpm.htm?adcode=10>

Managing the processes of a company is somewhat like an athletic competition, except that the stakes are so much higher. In a game, if you write the rules that everyone must play by, you have a great deal of control over the outcome of things. In business, individual processes are the way things like production or order fulfillment or reverse logistics get done. If you manage these processes, to a great extent you can control the outcome of things, such as increased productivity, greater efficiencies and lower costs. In business process management, 'Control the process' could well be the watchword. "Those companies that easily adapt and change the rules of their playing field will be more successful," says Janelle Hill, vice president and research practice lead for BPM at Meta Group.

No doubt, many companies have been aware of the benefits of business process management, or BPM, for years now. They may even have migrated to BPM from business process reengineering initiatives 10 or more years old. But many in management are considering BPM for the first time, and the reasons are clear, according to analysts, software developers and systems integrators: Pressures from competitors, Wall Street and an unforgiving economy have mandated that expenses be shaved wherever possible.

But like early adopters, newbies to BPM are learning that process management is not a one-time effort that optimizes a company from top to bottom, or a simple implementation of a plug-and-play piece of software; it's a never-ending quest for improvement across company departments and divisions. And they see in some cases that all company processes need to be examined, though experts recommend that such analysis and "what-if" modeling be done one process at a time.

Moreover, it has to be realized that processes that were considered optimal years ago might have been superseded by events, especially if a company alters its business model, strategy or markets in some way.

So where do you start? Opinions vary on whether you need outside help in process scrutiny. This view holds that, who knows your business and its processes better than you do? But many feel the sophisticated nature of process analysis may be over the heads of many company managers, especially when it comes to assessing the technology and solutions that may bring the hoped-for improvements.

In any event, a good starting point is to define a process's lifecycle by recognizing where it begins and ends, whether it has multiple functions or touches several departments or companies. If it crosses several functional boundaries, the process usually crosses a lot of software boundaries as well.

Can you better manage a process by throwing labor at it? Probably not. Aside from the obvious undesirable of labor—added cost—so-called human capital is error-prone. The likelihood of "variability" in the process is increased. The goal is to employ a methodology and rigor that removes or at least lessens the deviation.

The evil in variability is in what Eric Austvold, research director of AMR Research, calls "margin leakage." The greater the variability in the process, the greater the opportunity to erode margins, he says. **"When a customer places an order, your organization's ability to fulfill that order without any deviations from the original plan means you had an accurate understanding of what the customer truly wanted and the ability to manage the resources at your disposal to meet that customer's expectations. And the likelihood of your increasing that has a lot to do with removing variability in processes."**

'Own' The Process

Business process management starts at home because it involves processes that are internal to a company, that it "owns." In the financial services industry, for instance, banks may look to improve their loan origination process. That service, depending on how well it is performed, may make that institution more attractive to potential customers than a competitor bank down the street, but the service itself is largely commoditized. In essence, the service, or "product" as banks call it, is the same from one institution to another: loans are loans. The way it is performed, internally, is the differentiator. The same is true in the insurance industry, which also has been an early adopter of BPM. Both industries are highly focused on the way they deliver customer service.

BPM doesn't necessarily end at home. Dell's direct-ship-to-customer process, for example, is anything but internal. It intimately involves trading partners, and customer anger falls directly on Dell if one of those partners fails to deliver a laptop within the promised timeframe. Consequently, Dell uses BPM technologies to manage that relationship, and that of "distressed" shipments—the returns process.

"In the leading organizations, you start to see more inter-company and cross-company boundary collaboration," Austvold confirms.

But you don't have to be at the helm of a major financial institution or computer company to adopt BPM. There seems to be no reason why any company, regardless of size or industry vertical, shouldn't re-examine its business processes, says Hill. "Overall we find almost every industry is really taking a closer look at how they actually conduct business with an eye toward streamlining and improving their

operational execution.”

Driving Initiatives

The impetus can be due to regulation in a given industry, cost pressure or changing competitive landscape. “Globalization and opening up of markets in other parts of the world are contributing to businesses looking at how they do business, where they do business and what their business practices and processes are.”

As outsourcing has gained prominence, a highly distributed global business challenge has arisen. Processes embedded in software that was state-of-the-art years ago may have been superseded and no longer optimal for dealing with far-flung operations. Austvold says they may need to be “functionally decomposed and reorchestrated or managed in a different relationship because in a lot of cases, they need to be managed across geographical boundaries.”

Realizing that business is global and never stops is key to successful business process management, and is in part what distinguishes BPM from its predecessor, business process reengineering, Hill says.

“Now there’s recognition that business is global, it’s running 24 hours a day, that business cycles are shorter and constantly accelerating. There is no one best way of doing things that’s going to be really durable. There is more focus now on continuously changing and improving as opposed to a one-time wholesale reengineering; you know—’If we just get it right this one time, it will hold us for about 20 years.’ It’s more a matter of the ability to constantly adapt. How you do business will become the real source of competitive differentiation.”

Clearly, having the right tools affects how one does business. But much can be done in-house, and even by small and mid-sized businesses, Hill says. Rather than buying software packages with applications designed to have soup-to-nuts functionality, many companies are shifting to vendors whose component sets are meant to be configured and assembled by the end user. “They are not meant to deliver 100 percent of what you need out of a box,” Hill says. Meta Group calls these packaged business processes Business Services Frameworks. “The more we get those available, the more that will enable smaller companies without a lot of skills to participate as well.”

“It’s the ability to constantly adapt. How you do business will become the real source of competitive differentiation.”
— Janelle Hill of the Meta Group

The ability to view data via a scorecard or dashboard interface is very much at the heart of BPM. The data involved is generally the same that flows in a closed-loop through applications that are used in budgeting, planning, forecasting and operations. With real-time visibility, budgets and forecasts can be altered as business results change.

Analysts see continued growth in the BPM enterprise software market for several more years, not least because of the need to comply with the financial auditing and reporting regulations of the Sarbanes-Oxley Act. As surely every C-level manager must know by now, Sarbanes-Oxley places a huge personal burden on company heads to institute internal controls to govern and document information that ends up in financial statements.

“You’ve got to make sure that what you have to become compliant with Sarbanes is there on a regular basis and that management can see what is happening,” says Kathy Killingsworth, senior vice president of consulting services at CommerceQuest, a BPM solutions provider based in Tampa. “So many people get ready for an audit by

doing just enough to get things finished, but with something like Sarbanes-Oxley that's not good enough."

So, should you bring in IT consultants to launch a BPM project? Not necessarily, says Meta Group. Its principals feel that pinpointing the flexibility needed to better serve customers—and make or save money—is often more of a business decision. If consultants are needed, they should be business management consultants, not IT experts. It isn't that there is no IT component involved; obviously, quite often there is. But the process analysis may require benchmarking a company against its peer set in its industry and putting its operations under a microscope in an effort to locate deficiencies. That kind of examination requires business consultants.

Hill points to the high-tech industry and its focus on the interdependencies of members in the supply chain to deliver products timely. "They know their ability to work very closely with their partners in the supply and demand chains is really key to their ability to capitalize on market opportunities as they become apparent," she says. Many companies in that vertical have launched aggressive vendor-managed inventory initiatives, for example. "What they do is look at all their processes related to inventory management and product delivery and fulfillment. Those are the areas they look to really create greater flexibility in. That's a business decision."

For the entire article, go to -
<http://www.supplychainbrain.com/archives/01.05.bpm.htm?adcode=10>

Featured Sites – www.mybizio.com - "MyBizio" is a member-based, on-line community working for people who are self-employed. We provide a dashboard of tools, solutions and know-how to help organize your business life and save you money. Solutions range from printing business cards to health insurance; from human resource management to technical support; from legal forms to small business loans, and everything in between. Our tools include a time and expense module, a pipeline module, a place to organize your many passwords and much more.

Our philosophy is grounded on one simple principle - deliver value. Our mission is to build and manage a profitable organization that will define, develop, negotiate, and facilitate, on behalf of our membership, a plethora of business solutions which help people who work for themselves to get ahead. And, unlike other sources, we're the members advocate, not the vendor's representative.

Go to www.MyBizio.com and try us our risk-free for 30 days. We're certain that once you see MyBizio, you'll want to hire us as your \$25/month personal assistant.

About TSI

TSI - Transforming Solutions Inc. - <http://www.transforming.com/> helps organizations dramatically improve the performance of their organization by collaboratively and cost-effectively analyzing and improving how people, processes and technology work together.

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