



BizTweak

Making
Entrepreneurship
Easier



BUSINESS PROCESS MANAGEMENT



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INTRODUCTION TO THE MODULE

In this module, you will learn all about the documentation of the business process, evaluation of the business model, and necessary administrative considerations to operate that process successfully. Besides, you will get a comprehensive understanding of BPR, derivation management, and business communication as well.



Process Development



Process Auditing and Review



Non-Conformance & Corrective
Actions Management



Communication and Tracking

PROCESS DEVELOPMENT

DO YOU DOCUMENT ALL THE BUSINESS PROCESSES?

1.1 Defining Process Documentation

Process documentation is a complete description of how to execute a given process. It provides a detailed description of how to carry out a business process.

Process Documentation includes all types of documents that support a process, like

Policies

Checklists

Forms

Tutorials

Links to other
Applications

Process maps

Screenshots

It is used as a guide to help employees at all levels, including decision-makers and stakeholders, quickly understand company processes.

1.2 Importance of Process Documentation

Documenting a process will help you achieve following key things:

- Helps improve processes.
- Helps train employees.
- Helps preserve company knowledge.
- Helps mitigate risks and maintain operational consistency.
- Detailed process documentation is also a vital part of patents and trade secrets

1.3 Who and What Is Involved in Process Documentation?

Everyone in your organization should be involved in some part of process documentation, whether they are recording value chain processes or merely documenting their daily duties.

However, you may not want everyone in your business involved in the project documentation of every project, particularly regarding one-off projects. Generally, various people and factors are involved in process documentation in the following ways:

- **Stakeholders:** Especially concerning specific projects, your stakeholders need to have a format from which to learn about other perspectives and experiences.
- **Project Team:** These are the people inside your company.
- **Outsiders:** One advantage of including outsiders in your process documentation is that they can often give a clear, unbiased perspective.
- **Materials and Resources:** You must think of your materials and resources as a person or group of people involved in your process documentation.
- **How to Work Together:** One often-ignored part of the documentation is how you get people to work together, specifically how you get them to communicate.
- **Pulling It All Together:** Just like your projects, your documentation must have a plan from the beginning. You must consider the who, what, where, and when regarding every part of your process, and you must put documentation rules into place for your business.

1.4 Tools for Process Documentation

Your process documentation should be flexible and, above all, available to your people. Also, you need to ensure that the tools you choose encourage use. Your tools should meet the following criteria to make sure you achieve this goal:

- Be mobile-friendly
- Make collaboration easy
- Be user-friendly
- Be able to perform more than one function
- Be easy to access and share
- Be online or available via your intranet
- Strike a balance between simple and functional

The different types of tools address ways to do the following:

- **Capture Process:** This includes not only the written recording but also the verbal and physical directions.
- **Organize Information:** You need a way to sort through the information and easily access it.
- **Visualize Process:** This includes diagramming, charting, mapping, and modeling.
- **Distribute Information:** This is your email function or document-sharing. It may also include dissemination channels

1.5 Step-by-Step Approach to Make a Process Document

■ Step 1: Identify and Name the Process

Figure out which process you are going to document first. Determine its purpose (why and how the process will benefit the organization) and provide a brief description of the process.

■ Step 2: Define the Process Scope

Provide a brief description of what is included in the process and what is out of the process scope, or what is not included in it.

■ Step 3: Explain the Process Boundaries

Where does the process begin and end? What causes it to start? And how do you know when it's done? Get these boundaries well defined.

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■ **Step 4: Identify the Process Outputs**

Establish what will be produced by the process or what result the process will achieve once it is completed.

■ **Step 5: Identify the Process Inputs**

List down what resources are necessary to carry out each of the process steps.

■ **Step 6: Brainstorm the Process Steps**

Gather all information on process steps from start to finish. Either start with what triggers the process or start at the end of the process and trackback the steps to the starting point.

The brainstorming session should involve those who are directly responsible for the process tasks or someone with extensive knowledge of it, as they can provide precise data.

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■ **Step 7: Organize the Steps Sequentially**

Take the list of steps you've come up with and put them in a sequential order to create a process flow. Keep the number of steps to a minimum, and if a step includes more than one task, list them under the main step.

■ **Step 8: Describe who is Involved**

Decide each individual who will be responsible for the process tasks. Define their roles. Keep in mind to mention their job title rather than their name.

Also, be considerate about those who would be referencing the document. Write it in a way that any employee with a reasonable knowledge can read and understand it.

■ **Step 9: Visualize the Process**

This is to improve the clarity and readability of your documentation. Using a process flowchart, neatly visualize the process steps you've identified earlier.

■ **Step 10: Note down Exceptions to the Normal Process Flow**

A business process may not always follow the same flow due to various reasons. Mention these exceptions and what steps will be taken to address them.

■ **Step 11: Add Control Points and Measurements**

Identify where risks could occur in the process and add control points to help the process owner when monitoring the process.

Establish measurements to determine the effectiveness of the process and to help improve it.

■ Step 12: Review and Test the Process

Gather everyone involved and review the process flowchart you've mapped. Are there any missing steps? Is everything in order? Once done, test the process and see if you've missed anything.

DO YOU KNOW THE MOST IMPORTANT THINGS YOU NEED TO DO TO MAKE YOUR BUSINESS MODEL WORK?

2.1 What is a Business Model?

The term business model refers to a company's plan for making a profit. It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses. Business models are important for both new and established businesses.

In a nutshell

- A business model is a company's core strategy for profitably doing business.
- Models generally include information like products or services the business plans to sell, target markets, and any anticipated expenses.
- The two levers of a business model are pricing and costs.
- When evaluating a business model as an investor, ask whether the idea makes sense and whether the numbers add up.

2.2 Verifying Your Business Model

A modern business model should answer Drucker's famous five questions:

1. What is your mission?
2. Who is your customer?
3. What does your customer value?
4. What results do you seek?
5. What is your plan?

2.3 Essential Components of Business Model

There are some components which usually make up Business Model:

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Define how a company's product or service fulfills the need of customers.

- Examples of successful value propositions
- Personalization/ Customization
- Reduction of product search, price discovery costs
- Facilitation of transactions by managing product delivery

Revenue Model

Define how the firm will earn revenue generates profits and produce a superior return on invested capital Major types:

- Advertising revenue models: CNN.com
- Subscription revenue models: MATCH.com
- Transaction fee revenue model: eBay, E-Trade, Hotwire
- Sales revenue model: Amazon, L1bean, Gap.com
- Affiliate revenue model: E-pinions, Banner Exchange, Edmunds à sends traffic to another website

Market Opportunity

Refers to a company's intended market space and the overall potential financial opportunities available to the firm in that market space

Competitive Environment

Refers to the other competition selling similar products and operating in the same market space influenced by:

- How many competitors are active
- How large operations are
- The market share for each competitor
- How profitable these firms are
- How they price their product

Competitive Advantage

Achieved when a firm can produce a superior product and/or bring a product to market, at a lower price than most, or all, of their competitors.

Types of competitive advantage:

- First mover advantage
- Unfair competitive advantage

Market Strategy

A plan that details how a company intends to enter a new market and attract strategy

Organizational Development

Describes how the company will organize the work that needs to be accomplished

Management Team

Employees of the company responsible for making the business model work. Strong management team gives instant credibility to outside investors

2.4 Traits of a Good Business Model

- Target specific audience
- Match up with company goals and values
- Establish business processes
- Record key business resources
- Develop a strong value proposition
- Create a demand generation strategy
- Leave the opportunity for innovation

ARE THERE SUFFICIENT ADMINISTRATION SYSTEMS IN PLACE TO HELP THE COMPANY'S PROCESSES?

You need to focus on the following administrative sectors to implement your business process and ensure a smooth and successful operation, thereby.

- Project management
- Developing budgets
- Finance
- Performing cost reduction research
- Handling accounts receivable/payable
- Processing payroll
- Human Resources
- Recruiting and training Employees
- Reporting on employee performance
- Office and facilities management
- Clerical tasks
- Writing contracts
- Using database systems



PROCESS AUDITING & REVIEW

ARE THE BUSINESS PROCESSES REGULARLY REVIEWED AND UPDATED?



3.1 Determine When to Conduct a Business Process Review

Scenario 1: Your Company is in the market for a new Enterprise Resource Planning (ERP) solution.

When looking for an ERP package that fits your needs, you must first gather as much information as possible to realize what those needs are. A detailed Business Process Review would give clarity to the requirements of each department in the organization, along with identifying the integration between departments.

Scenario 2: You already have an ERP solution and wish to document its usage and effectiveness.

Over the years, knowledge erosion takes place as new employees come on, old employees leave, and so on. A Business Process Review can help “right the ship” and get the solution back on track as it was originally intended.

3.2 Benefits of Updating Business Processes

- Stay compliant with the regulation
- Economic benefits
- Better for your employees

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3.3 How to Continually Update Business Processes

- Begin with mapping
- Empower staff to update and improve processes
- Set aside time every quarter to assess processes

3.4 Steps of Business Process Review

- Build an overview of the process flow
- Create the process flow detail
- Write the operating procedure
- Develop a detailed work instruction
- Have a plan for continuous process improvement

NON-CONFORMANCE & CORRECTIVE ACTIONS MANAGEMENT

DO YOU HAVE A METHOD TO MANAGE DEVIATIONS FROM THE DOCUMENTED BUSINESS PROCESSES?



4.1 What is the Deviation?

A departure from standard practices or specifications resulting in non-conforming material / or processes, with potential, to impact product quality, safety, efficacy, or data integrity.

The deviation can be planned and unplanned

Different levels of deviation:

- Critical
- Major
- Minor

4.2 How to Manage Deviations?

- Regulatory requirement to capture all sorts of deviations evolves to maintain the continuous improvement of processes and systems
- All batch production deviations (planned or unintended) covering all manufacturing facilities, equipment, operations, distribution, procedures, systems, and record-keeping should be reported and investigated for corrective and preventative action (CAPA)
- Deviation should be documented when there is a deviation from methods or controls in manufacturing documents, material control documents, and/or standard operating procedures.

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4.3 Considerations for Deviation Management

- Develop a policy on Deviation
- Determine approach, i.e., differentiation among various deviations
- Tracking of Deviation
- Trending of Deviation
- Create a database (software-based or manual system) to assist in tracking and trending of deviations.

COMMUNICATION AND TRACKING

ARE ALL BUSINESS PROCESSES COMMUNICATED TO ALL COMPANY PERSONNEL?



5.1 What Is Business Communication?

Business communications the process of sharing information between employees within and outside a company.

Effective business communication is how employees and management interact with each other to reach organizational goals and be more aligned with the core company values. Its main purpose is to improve organizational practices, eliminate silos, keep employees informed, and reduce errors.

Effective business communication is essential for the success and growth of every organization. Unlike everyday communications, business communication is always goal-oriented.

5.2 Types of Business Communication

- **Internal upward communication:** communication that comes from a subordinate to a manager or an individual up the organizational hierarchy.
- **Internal downward communication:** communication that flows from a superior to one or more subordinates.

- **Internal lateral communication:** happens among employees in the workplace.
- **External communication:** any communication that happens with external parties such as customers, prospects, vendors, or partners.

5.3 Importance of Effective Business Communication

- Improves employee engagement
- Communication aligns operations with business processes
- Eliminates email overload
- Eliminates communication silos
- Increases employee productivity
- Communication increases consistency
- Improves inter-departmental communications
- Improves communication with remote workers
- Reduces employee turnover
- Improves knowledge sharing efforts
- Communication improves operational efficiency
- Increases employee advocacy
- Improves customer satisfaction and retention
- Builds a better company culture

5.4 Measures to Improve Communication

- Communication of clarification of the idea.
- Communication should be according to the needs of the receiver.
- Consulting others before communication.
- Awareness about the language, tone and body postures and gestures.
- Convey information useful to the receiver.
- Ensure proper feedback.
- Follow up communications.
- Be a good listener.

MODULE SUMMARY



In this module, you have learned:

- Process documentation is a detailed description of the actions to carry out a business process
- Many people and factors are involved in process documentation
- The steps of process documentation
- Business model is a company's plan to generate revenue
- You need to consider five questions to verify your business model
- What the essential components of the business model are
- Administrative considerations that help the company's uninterrupted operation
- The steps of business process audit and review
- The ins and outs of deviation management
- Various types of business communication and ways to improve them

QUIZ



Q1: Which of the following document is NOT needed for process documentation?

- A. Policies
- B. License
- C. Forms
- D. Checklist

Q2: Who is NOT involved in process documentation?

- A. Stakeholders
- B. Project Team
- C. Investors
- D. Outsiders

Q3: 'Organizing Information includes diagramming, charting, mapping, and modeling.' True/False

- A. True
- B. False

Q4: Which is NOT a step of making a Process Document?

- A. Identify the process outputs
- B. Organize the Steps Sequentially
- C. Brainstorm the Process Steps
- D. Note down Process Boundaries

Q5: Essential components of the business model are: (You can choose more than one)

- A. Value Proposition
- B. Market Strategy
- C. Customer Satisfaction
- D. Inventory Management

Q6: 'Creating a demand generation strategy is a trait of a good business model.' True/False

- A. True
- B. False

Q7: What are the considerations for evaluating Competitive Environment? (You can choose more than one)

- A. How many competitors are active?
- B. Who are your potential customers?
- C. How profitable are these firms?
- D. What does your customer value?

Q8: 'You need Business Process Review (BPR) only when your company is in the market for a new Enterprise Resource Planning (ERP) solution.' True/False

- A. True
- B. False

Q9: Internal downward communication is a communication that comes from_____. Fill in the blank.

- A. A subordinate to a manager
- B. A superior to subordinates
- C. The owner to the supplier
- D. Stakeholders to employees

Q10: Regulatory requirement to capture all sorts of _____ evolves to maintain the continuous improvement of processes and systems. Fill in the blank.

- A. CAPA
- B. Business communications
- C. Deviations
- D. Process Review