Business Enterprise Mapping™

The Top 10 Reasons Processes Are **BROKEN** In Most Organizations

by Don James and Joe Bockerstette
Business Enterprise Mapping, LLC

Introduction

For over twenty years, Business Enterprise Mapping (BEM) has helped clients transform the way work is performed to become simpler, faster, more productive and more valuable. We begin most client relationships by building an Enterprise Roadmap (ER) that accomplishes two primary goals.

The main goal of the ER is to capture the process-based workflow crossing department boundaries. By identifying systems and processes, we set in place the primary roadmap for the organization's process definition and opportunity identification. While organization leadership typically understands departmental responsibilities and accountabilities, rarely does leadership have the same level of knowledge of the flow of work through the enterprise.

The second goal of the ER is to capture the major improvement opportunities. This exercise is equally valuable. While many problems identified are well known, they are often accepted as just "the way things are", considered too difficult to address, and are generally left alone as unsolvable.

We have learned many lessons over the past 20 years, but our primary lesson is this, **about two-thirds of all enterprise opportunities are directly related to process deficiencies.** When leadership doesn't build robust processes and systems, it is very difficult to improve overall enterprise performance.

TOP 10 REASONS PROCESSES ARE BROKEN

It should come as no surprise that the process problems we see are consistent and repeatable, regardless of organization type or industry. We have summarized below the top 10 process deficiencies found in the many organizations where we have worked.

1

Process not defined.

Good process management begins by first defining a process, its customer, supplier, inputs, outputs and conversion activities. Because processes spring up out of a need to solve a business problem, and then evolve toward a state of acceptance, most organizations do not have processes that are well designed and defined. We believe this definition is best accomplished using the Perigon Map. The Perigon Map is a robust, three-dimensional process map that provides a repository of all of the knowledge necessary to own, manage, and continuously improve a process. Those closest to the process and the subject matter experts most knowledgeable of the process should form the team that leads the map's development.

2

Process not owned.

Organizations are commonly managed vertically, where the organization chart lays out a hierarchical structure of cascading management responsibilities and accountabilities. The problem with this paradigm, of course, is that work gets done horizontally, through processes flowing across somewhat arbitrarily defined vertical boundaries. The effective management of work must include the individual ownership of processes that cross these boundaries.

Business™
Enterprise
Mapping

Purpose not understood.

Processes can be complex or simple, long or short, and produce one or many products or services. Regardless, a process needs a worthy purpose to justify its existence. At its most basic level, a process must have a customer who wants what the process provides. Without a worthy purpose, the entire process is non-value added and should be eliminated. Even for the simplest process with a single output, the process must provide something that a customer values.

3

Process not followed.

One of the things we often see in organizations is what we call the "superhero" solution. Organizations mistakenly think they will overcome a lack of well-defined and standardized processes by hiring very talented, superhero employees who invent their own ad hoc processes to overcome the many obstacles to solving problems. While this can work in very small organizations and for a short while, it leads to chaos, burnout, high costs and potentially dangerous and unnecessary risk to the enterprise. Superheroes do not overpower broken processes in the long run.

4

Customer not understood.

Every process serves a customer and should create something of value. While the customer receives the output of the process, process owners (if they even exist) rarely know the customers of their process, what those customers want from the process, what customers think of the value provided by the process, and to what extent the process meets the customers' needs.

5

6

Supplier not understood.

Every process is also served by a supplier. Just like the customer, most process owners do not know the supplier to their process, what the process needs from their supplier, what the supplier is capable of providing to the process, and to what extent the process needs are being served effectively by their supplier.

7

Cumbersome to execute.

Because processes frequently grow into existence without intentional purpose or design, they tend to meander across organizations through the development of "good ideas" that add extra steps, poorly designed tasks and additional work-around activities intended to accomplish what may have started out as a clean and simple process requirement.
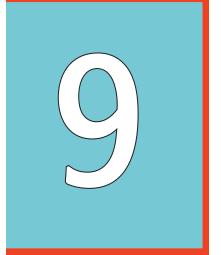
8

Loaded with non-value added work.

Value added tasks are defined as those tasks the customer would be willing to pay for. Limited value tasks are those that are of questionable value for the customer. All others are non-value added. We study the value added, limited-value added, and non-value added task ratio for every process we develop. When processes have not been previously analyzed, we typically find that the value added ratio is in the 5 to 20% range of total process activity.

Performance not measured.

When organizations have front line measurements in place (and many don't), we find that they are oriented vertically toward the organization chart's definition of responsibility and accountability. They also tend towards being reactive (and too late to adjust) versus predictive. Good process measurement captures both process effectiveness (the extent to which the process satisfies the customer's need or want) and process efficiency (the extent to which the process uses the minimum possible resources to do so.) Best-in-class enterprise performance measurement is built from the ground up, beginning with process measures that align with system measures, which align to enterprise key performance indicators (KPI's).

9

Not linked to strategy.

We frequently hear the following from senior leadership, "We are committed to our strategy, but we can't get the organization to execute." We believe that strategy without strong process is like a head without a body. Without having operational control of processes, it is nearly impossible to move the organization toward a vision of the future.

10

IN CONCLUSION

Organization performance is built around four key design characteristics, strategy, structure, process, and Organization performance is built around four key design characteristics, strategy, structure, process, and knowledge. While most leadership regularly spends time on strategy, constantly fiddles with structure, and diligently tries to capture and protect knowledge, rarely does leadership invest in building robust, reliable and capable processes. By investing in processes, leadership develops the engine that drives the organization in the intended direction of its vision. Our Perigon Program systematically addresses each of the top 10 reasons above and provides the capability to develop a process-based management system that builds the strong organization foundation for improvement, alignment and sustainable performance.

1. STRATEGY
2. STRUCTURE
3. PROCESS
4. KNOWLEDGE

About the Authors

Don James founded Business Process Mapping (BEM) in 1993 to find a better way to develop process, system and enterprise maps, substantially improve business processes, and implement sustainable performance improvement in client companies. He has a BSEE from Bath University, UK.

Joe Bockerstette has spent more than 30 years studying and improving business processes, as a CEO, consulting partner for a large public accounting firm, and as a private equity and angel investor. He has an MBA from Xavier University and a BSIE from the University of Cincinnati.

Since 1993, Business Enterprise Mapping has successfully implemented process-based management and improvement solutions in over 300 enterprises covering 60 industries across 6 continents. Our firm has partnered with clients to obtain over 50 international registrations, mapped 3,000 process-based systems, deployed 25,000 processes, and successfully implemented over 750,000 process improvements.

Business™
Enterprise
Mapping

Business Enterprise Mapping, LLC.
20645 N. Pima Road, Suite 230
Scottsdale, Arizona 85255 USA
Tel: 480-515-9001
Fax: 480-515-9003
Toll free: 1-888-515-5307
www.businessmapping.com