

TOP 15

**PROCESS
ATTRIBUTES
FOR
OPTIMUM
PROCESS
ANALYSIS**



Top 15 Process Attributes for Optimum Process Analysis

FIRST EDITION

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Dedication

To Mark, Sam and Ken – only because of your enthusiasm and hard work, this book has become a reality!

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PREFACE

Welcome to the e-book – Top 15 Process Attributes for Optimum Process Analysis and thank you for being part of my passion.

For over a decade, I have seen a common pattern, much effort is invested in mapping the current state of business processes. However, the analysis and improvement of processes are approached with much less effort. Worse still, I have encountered that documented current state processes are shelved and nothing more is done with them!

As an Analyst myself, it comes as no surprise that I started analysing this pattern and why it is so.

My study spanned several years and many organizations - both national and international. Three main factors came to the surface:

- Business process models were not created at the right level.
- People tasked with analysing the processes were not equipped with the right techniques.
- Insufficient or incorrect information gathered in the current-state review phase.

The purpose of this e-book is to address the latter point. Hence, this book is targeted at:

- The Business Improvement Director, GM of Transformation or similar - the person who manages
- the improvement team and is accountable for the success of the improvement initiative.
- The improvement team member who is responsible for performing the analysis of business processes.

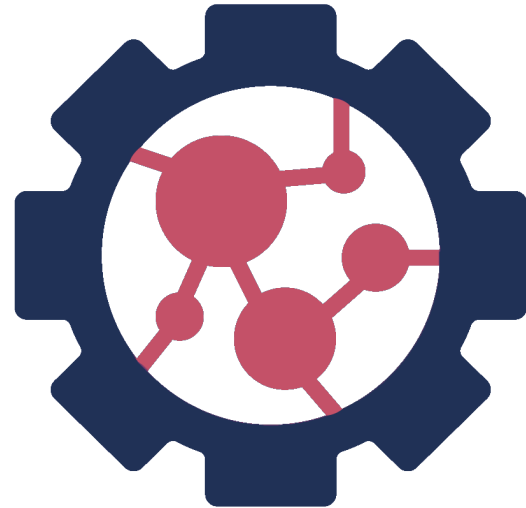
This e-book can be used as a checklist to ensure that all information about a process is captured. Alternatively, use it as a reference guide for your next improvement initiative.

I truly hope this book strengthens your understanding of your organizations business processes. With this understanding, better business improvements ideas can be identified, the change can be better managed and improvement results will be supported by clear metrics.

INTRODUCTION

It is common practice for business process documentation to be created in advance of a planned organizational change, whether it be a systems implementation or other business improvement initiative. However, there are varying degrees of depth to which a process can and should be documented. A process can have many attributes, that is, additional information about the process which can carry varying degrees of value through the organizational change journey.

This eBook discovers an almost exhaustive list of process attributes and their purpose in the realm of process change initiatives. It explains the purpose of capturing each attribute, the benefit of having this data on hand, and it highlights the “4 + 2 must have” process attributes, to ensure the business transition can be managed effectively.



THE 4 + 2 MUST HAVE'S



Right at the start of my career - straight out of University, I was part of a large information system implementation project. This project covered a number of government departments, and these government departments stretched throughout the state, including remote regional areas. So remote in fact, that it reached towns of less than 1000 people.

I came in at the end of the project, shadowing a Change Manager to learn the ropes about system implementation and its effects on the organization.

With enthusiasm the team travelled to a remote town located in outback Australia. Laptops in hand, ready to present the way the organization is to operate after the system implementation. Not long after our presentation, a mature lady, maybe in her late fifties, asked – “and what will I be doing once this is implemented? Because pretty much everything I do is now done by the system”.

Silence blanketed the room.

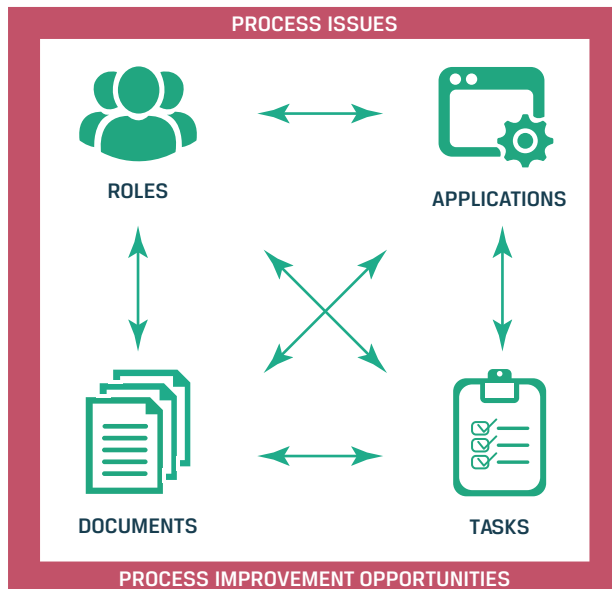
The impact was large. The possibility of this lady finding alternate work in a town of less than 1000 was unlikely. In addition, the possibility of job reallocation within the department would surely mean she would need to relocate.

This was a key learning for me.

The key learning was, if we had understood the Role that performs the tasks within a process, and if that process was likely to change, we would have understood which person would be affected by the change.

This lead me to more closely identify, what are the “must have” process attributes to make a change comfortable for all involved.

The following diagram illustrates the 4 process attributes and how these are interdependent during an organizational change.



The diagram is best explained by using a scenario. That is, a new staff member filling a Role.

When a new staff member fills a role, generally s/he will choose to perform the job slightly differently than the person before. For example, the previous person would undertake task A, B, C, D and E in that order.

However, the new person, may slightly change the way the job is done by for example, doing A, B and C, but omitting d and adding a new step, F. Hence a new person coming into a Role affects the tasks within the process.

As a result of changing tasks, or simply due to self-motivation, s/he may develop another spreadsheet to aid their work or may choose not to use the dedicated software/system. As you can see with this scenario, all three attributes are affected.

Our second scenario, is that of a new system implementation. When a new system is implemented, the tasks to be completed by a Role will change. Rather than a, b, c and d needing to be done, now the Role only needs to do a and b, because c and d are done by the system.

In addition, a new software implementation will remove at least some of the documents used in the process, as the document fields are now fields in the system.

In addition, the Role is affected, because the person doing the Role needs to have the skill or be up-skilled in the use of the system. With this scenario, again, all three attributes are affected.

For this reason, when gathering the current state of processes in the organization, in preparation for a change, at a minimum, the Analyst must gather these 4 attributes.

But what about the “+2”?

The “+2” are the issues and the improvement opportunities associated with the process.

When the Analyst is gathering the “4 must have’s” from the Process Participant – that is, the person who fills the role and does the process.

It is the Process Participant who is most knowledgeable about the issues and improvement opportunities associated with the process. This is because s/he does this process and does it frequently.

The reason why the 4 + 2 are “must have’s” is that we need to have a thorough understanding of the business process, an exhaustive list of issues and business improvement opportunities so that the right business improvement solution can be prescribed.



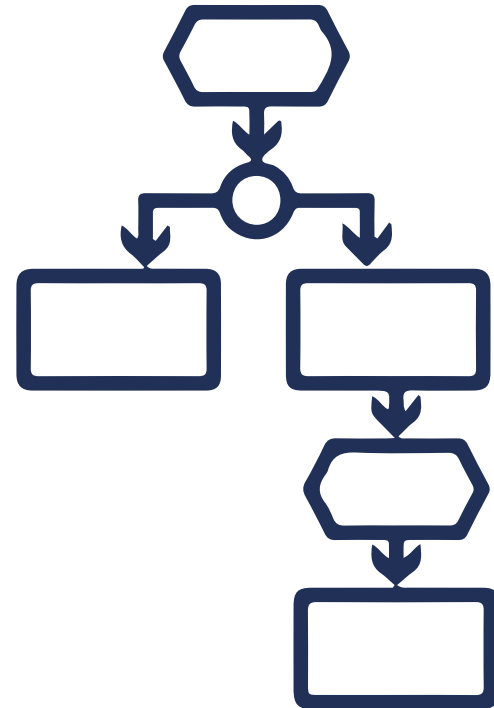
In addition, so that the impact of the change can be measured and managed prior and during the change implementation.

Now let's cast our minds back to the mature lady in remote Australia. Having the "4+2 must have's" on hand at the start of the large system implementation, one would agree that the impact would have been understood ahead of time, and suitable actions could have been taken to avoid such a conundrum.

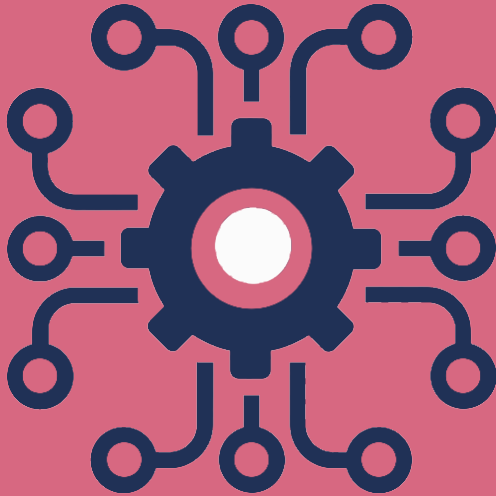
The 4 + 2 "must have's" are discussed in more detail below.

In addition to these, there are many other attributes which are also important for better process analysis and change management. These are as follows and also discussed in detail below:

- **Task Value**
- **Business Rules**
- **Key Performance Indicators**
- **Frequency**
- **Volume**
- **Cost**
- **Time**
- **Efficiency**
- **RACI**
- **Compliance**
- **Risks and Controls**



PROCESS ATTRIBUTES



ROLE

A role is a position that is held by a person in the organization. For example, Finance Administrator is a role and it has certain responsibilities associated with it, usually outlined in the role description. A role maybe filled by different people in the organization, as long as their skill set matches that role.

Certain roles execute certain processes in the organization, hence if we are making a process change, the person who fills this role will be affected. This affect can be positive or negative, and regardless of this, a change is only successful if the people of the organization accept the change.

For this very reason, a Role forms part of the “4 must have’s” before starting any change initiatives in the organization.

TASK

A task is an action done to accomplish a goal within the organization. A series of tasks make up a business process and several business processes can lead to a desired business outcome. A task is sometimes also referred to as an activity; you will see these terms being used interchangeably.

A task forms part of the “4” must have’s, for business improvement.

Defining tasks provides transparency of the organization, defining how the organization operates. This transparency has several benefits. For example, it enables the Analyst to ensure activities are aligned to corporate objects, to provide clarity and develop guidelines on what is expected of each staff member, or to see which part of the organization the proposed change will affect.

APPLICATIONS

An application refers to any software application used as part of undertaking a task within a process. It can be used as a tool to do the task, or the software can be written to as part of doing a task.

Capturing the applications as part of a process enables analysis about the usage of the application. Is it frequently used, where is it used in the organization and are there possibly integration or standardization opportunities. That is, are different business areas using different applications for the same tasks?

Most importantly, the upgrade or change of applications in the organization happens quickly due to the rapid advancement of technology. Knowing the application being used as part of a process, in addition to the roles, tasks and documents, when an application is being

replaced or upgraded, having this knowledge at hand immensely helps the change initiative. An application forms part of the “4” must have’s, for business improvement.



replaced or upgraded, having this knowledge at hand immensely helps the change initiative.

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DOCUMENTS

A document is any soft or hard copy document that a role/person either refers to or creates as part of performing a task within a business process.

Often, when a person undertakes a process and is asked about the documents being used, s/he has the tendency to print a copy and hand it over. At the initial stages of understanding how the organization currently operates, there is no need to gather this documentation. Simply the name of the document is all that is required. The contents of the document, can be gathered later once a decision has been made to change that process by way of a systems implementation.

The benefit of capturing the documents used as part of a process is that it gives visibility for improvement. That is, many documents are translated into applications, with its content being mapped to fields in the application. It also presents the opportunity to analyze which other tasks or processes use the same document. This represents the opportunity for improvement by way of standardization

or automation.

A document forms part of the “4” must have’s, for business improvement. Any future changes made in a business process may affect the structure of the document or may cause the document to be replaced. Hence it is a ‘must have’.



ISSUES

Earlier I mentioned the “+2”. Gathering issues relating to a process is an important contributor to analyzing business processes and getting optimum improvement results. It provides a foundation to set up your improvement plans for quick gains.

When asking the Process Participant (the person who does the process) about how s/he performs the process, at the same time, gather the issues that s/he feels exist in the process. This is an opportune time for two reasons. The first is that the Process Participant can be prompted about issues when his/her mind is focused around the tasks within the process. Secondly, as we are sourcing information about just one particular process, the Process Participant’s mind is only focused on that particular process. This focus facilitates the sourcing of an exhaustive list of issues relating to the process under discussion.

Issues from the Process Participant are an unmissable contributor to any business improvement initiative. The Process Participant does the process, hence a well experienced and qualified source of problem statements. Hence it forms a part of the “must have” attributes.



IMPROVEMENT

The gathering of Improvement opportunities is the other “+2” – a very important attribute to gather about a business process.

Similarly, as in the Issues section above, take the opportunity to ask the Process Participant for Improvement opportunities for the process. As s/he is focused on sharing information about a particular process, s/he can easily provide an exhaustive list of process improvement opportunities.

At this time, however, keep in mind however, the managing of expectations. Take all Improvement suggestions on board but ensure to communicate that it is not a confirmation that all suggested Improvements will become a reality. Also keep in mind that some Process Participants may not be “big picture” thinkers or technology savvy, hence Improvements suggested should be taken as a guide, not a must deliver.

Having said that, remember it is the Process Participant who is the ‘doer’ of the process; hence this person is well qualified to suggest how to do the process better. Hence Improvements form part of the “must have” attributes.



TASK VALUE

Having well defined tasks, presents the opportunity to undertake Value Analysis. This is done by the Analyst segregating the tasks into three main categories:

- Customer Value-Adding (CVA)
- Business Value-Adding (BVA)
- Non-Value-Adding (NVA)

CVA tasks are tasks within a process which directly contribute to satisfying a customer's expectation. The easiest way to identify these is by asking yourself the question: would the customer be prepared to pay for this task to be done? Some tasks are directly Customer Value-Adding, whilst others are indirect. For example, the task of Assess Product Quality, the customer is willing to pay for, as it can be assumed that the customer wants to receive a quality product. Others however, maybe indirect. For example, the task of a police officer being trained in the use of a gun. This may initially seem not adding value to the customer, however, it directly relates to keeping the community safe, hence this task is Customer Value-Adding.

BVA tasks are tasks within a process which are essential for conducting business. For example, tasks that enable the compliance with relevant laws, policies and regulations.

These tasks add cost to the process but do not add value from the customer's perspective. Depending on the type of business, the compliance requirements will vary, hence the number of BVA tasks will vary.

NVA tasks are tasks within a process that neither add value to the process from the customer's perspective nor are these tasks required to conduct business. As a result, these tasks relate to activities such as rework, transcribing information or gaining approvals. This represents waste in the process, hence these tasks are the ideal candidates for process improvement.



The best way to assess a task is to work according to the process of elimination. First ask, is the task CVA? If not, is it BVA? If not, then the task is automatically NVA.

The benefit of segregating the tasks according to these categories is that it helps us understand the extent of waste in each process. The waste is usually represented as a percentage of the other tasks in the process. Focusing on reducing the NVA's and increasing the CVA's, results in a customer focus and ultimately delivering higher value to the customer.

BUSINESS RULES

A business rule is a statement that describes a constraint about the behavior of people, processes and/or systems. Business Rules are set by the organizations' management and generally underpin business processes.

For example:

“A minimum of 3 reference checks must be completed prior to extending an employment offer”

This business rule would typically underpin the Recruit Staff business process and influences the Offer Employment process.

The benefit of underpinning business processes with Business Rules is that it removes the reliance on the individual's decision-making capability. Secondly, whilst sourcing

these business rules, the Analyst might find that there are no business rules in place, but there may be a need for a business rule to support the process.



KEY PERFORMANCE INDICATOR

A Key Performance Indicator (KPI) is a well-defined measure for quantitatively assessing activities in the organization.

A KPI's may include for example the number of resumes analyzed per week in preparation for interview or the number of payments received from customers within a 90 period.

When gathering information about the current state of the organization, a KPI is an important attribute to record as it forms a baseline for the current process's success level.

At a later stage, when the improvements have been implemented, these KPI's can be referred to, to see the change in process performance. The output of these KPI's should have either increased or decreased – depending on your improvement objective.

If the business currently does not have KPI's set, one of the improvement opportunities is to set these KPI's. Having these KPI's on hand before making any changes provides insight to the current performance of the organization.

The KPI's will indicate if there are any gaps in the way the organization operates, which may cause organizational goals to be missed. These early warning signs enable Process Owners (the person accountable for the success of process outcomes) to manage process performance proactively.

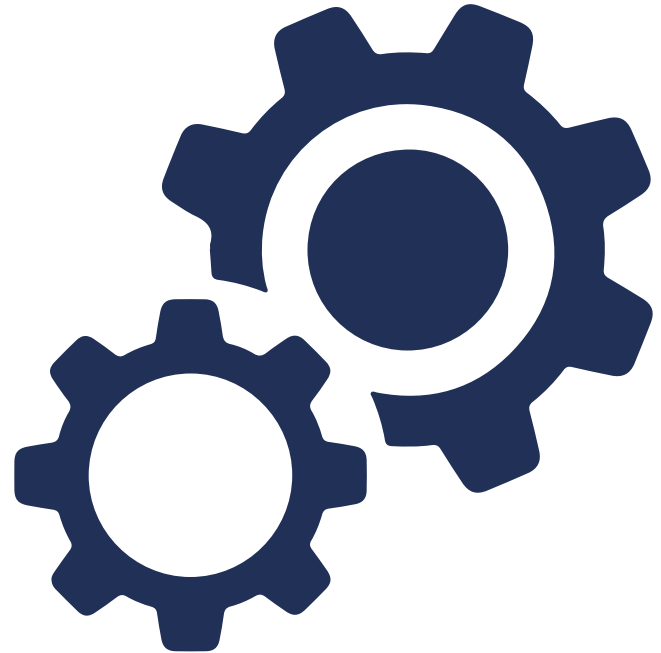


PROCESS FREQUENCY

Process Frequency refers to the amount of times the process is executed over a specified time period. For example, the process of Process Purchase Order is done x times weekly. Weekly is the frequency.

The Analyst uses the process frequency as an input to calculate which processes should be prioritized for improvement. Combined with Process Volume (discussed next), The Analyst can deliver more improvement value for high frequency processes compared to processes that are done infrequently.

In addition, if the Analyst would like to calculate the cost of a process, the frequency is a required input.



PROCESS VOLUME

Process Volume refers to the number of times the process is done in a specific time frame. That specific time frame is the process frequency. For example, is this process executed three times per day or once per day? The number is the volume, the frequency is the day.

The Analyst can choose to prioritize processes for analysis based on volume data. That is, the higher the volume being processed by the process; the process should be placed as a higher priority for analysis and improvement. This also applies when used in combination with process frequency. For example, a process that is done 100 times daily, is a better candidate for improvement than a process that is done 100 times monthly. Hence the combination of volume and frequency is an important blend when deciding which processes to improve first.

In addition, if the Analyst would like to calculate the cost of a process, the volume is also a required input.



TIME

Time is a very useful process attribute and a great measure of process excellence.

There are two types of time:

- **Execution time** - the time required to complete a single task
- **Delay time** - the time lag associated with the task in a process

It is important to understand the difference between acceptable and unacceptable delay time. For example, the time taken to gain approval on a report maybe 2 days. In this instance, the 2-day delay is acceptable by the organization. However, if the acceptable 2 days delay, for some reason has increased in the organization to 3 days, then the difference of 1 day is an unacceptable delay. It is this 1 day that is recorded as Delay Time.

Capturing the process attribute of Time presents a lot of opportunity for the Analyst. Having this data, the Analyst may choose to reroute the process to gain time efficiencies and in turn this may lead to cost reductions for the organization. Not only does Time capture provide value just for what it is, but it is also an important input for calculating process efficiency and process cost.

To calculate the process efficiency, you need to capture above information and see how you can reduce the delays to improve the efficiency.



COST

Knowing the cost of undertaking a process, for example such as the cost of recruitment, lends itself to many interesting boardroom discussions. Senior management is always keen to know how much a process costs and how can the cost be reduced.

Process cost is the sum of two cost types:

1. Direct Costs
2. Indirect Costs

Direct costs are those costs that are relevant to undertaking the business process. To be able to calculate the direct costs, some of the above-mentioned attributes need to be at hand:

- The role/s performing the tasks within the process
- The cost of the role/s performing the tasks within the process
- The time taken to perform the tasks
- The business process volume
- The business process frequency

Indirect costs are costs that are indirectly associated with the process. For example, the cost of the PC and electricity used by the HR Executive, whilst assessing resumes as part of the “Recruit Staff” process. These indirect costs are calculated by using labor overhead cost.

Labor overhead cost is usually represented by a percentage of the typical number of working hours in a year. Most commonly, the Analyst can source this figure from the organizations’ Finance department.

Adding both the direct costs and indirect cost together provides visibility of the total cost incurred whilst performing a business process or the specific tasks in the business process. Knowing the cost of the current process enables the Analyst to measure potential cost savings when proposing a process change. As a result, a decision to go ahead with the process change, or not, can be made prior to implementing the change into the organization.



EFFICIENCY

The term efficiency is unfortunately thrown around the organization a lot when an improvement initiative is on the horizon. What do we want to achieve from this improvement initiative? “Efficiency” they all holler.

But what does each mean when they desire efficiency? There is much more to efficiency than meets the eye. How do we know if we have become more efficient because of the recently implemented improvement initiative?

The answer lies in the calculation of efficiency and the before and after measurement of efficiency.

Process efficiency signifies a level of performance that describes a process that uses the lowest amount of inputs to create the greatest amount of outputs. In other words, process efficiency is a measurement of the amount of value-adding time in a process.

Earlier, we learned about CVA, BVA and NVA and we recognized that CVA is the most desired way to spend time in a process.

Efficiency is calculated by totaling the time of value adding tasks in the process and then dividing this by the total process cycle time. Process cycle time is calculated by summing process execution time and process delay time.

Now that we understand the efficiency calculation, how do we improve efficiency? Process efficiency is improved by decreasing the cycle time through the elimination of non-value adding activities and by minimizing delay time in the process.

Hence the higher the number of CVA task in a process, the higher the process efficiency is likely to be.

Only by taking a measure of the current process efficiency in the organization and comparing it to the later process efficiency, that is after the improvement initiative is complete, can we truly say if we have achieved process efficiency.



RACI

I find the RACI an extremely useful tool for business improvement. RACI is usually presented in a table as it helps describe the participation of various roles in completing the tasks within a business process.

RACI is an acronym for:

- Responsible
- Accountable
- Consulted
- Informed

In the previous section where I discussed the importance of Roles, as one of the 4 “must have’s”. It is these roles and others that are categorized in a RACI chart.

RACI is defined as follows:

- **“Responsible”** is the role that performs the task within a process
- **“Accountable”** is the role that has the final authority and accountability for the successful completion of the process
- **“Consulted”** is the role(s) from which advice is taken before or whilst performing a task within a process
- **“Informed”** is the role(s) that are to be kept up-to-date on the progress of the task, often only on completion of the task.

Remember the lady in her late fifties? If only the role had been identified and a RACI chart created, the unexpected impact on her would have certainly not occurred.

Generally, staff enjoy a workplace where there are clearly defined roles and responsibilities. This is because the definition provides a guide to what is expected and as a result, no inaccurate accusations can be made when things go wrong. The RACI provides this visibility.

When studying the current state of the organization, it is worthwhile checking if there is a RACI matrix already in place. If not, it is highly recommended that the Analyst creates the RACI matrix as a separate improvement initiative, or as part of a process’s redesign.



COMPLIANCE

Compliance is either the state of being compliant, or the process of becoming so. That is, the organization is, or is in the process of becoming, compliant with established guidelines or specifications.

Compliance is another process attribute that carries value as part of understanding a business process. For example, the Business Activity Statement must be complete and submitted to the Tax Department at the end of each quarter.

Regulations and other guidelines have become an increasing concern for management, hence managing compliance obligations per process removes risk of not achieving compliance. That is, per process, recognize the compliance requirement, track the date when the compliance is due, and ensure that the compliance is actioned by the due date.



RISK AND CONTROLS

Generally, a risk is anything negative, such as the threat of damage, injury, liability or loss to the organization. Such risks are caused by external or internal vulnerabilities and these risks may be avoided through pre-emptive action. These preemptive actions are named Controls.

Controls are mitigation actions that can be performed proactively to minimize the risk or avoid the risk all together. For example, the risk associated with the Conduct Reference Check process, is that the referee is not legitimate. The control that is put in place to mitigate this risk is that all reference checks must be done by dialing a landline number.

Defining the process attributes of risks and controls per process has several benefits, but most importantly defining these per process provides a focused assessment of risks. As a result, an exhaustive list of risks is created and subsequently, suitable controls are matched to the risks.



Thank You So Much!

I hope you have enjoyed reading this eBook as much as I have enjoyed sharing my passion.

If you do have an extra moment, do join our blog via our website www.primebpm.com to receive the latest tips and techniques on how to improve your business processes. I also look forward to connecting with you on LinkedIn.

As you can imagine, it is not a small task to write an eBook. So, if you wish to share this eBook with someone, you are most welcome to do so. However, rather than forwarding it, please request them to visit our website www.primebpm.com to download it.

Thanks again and I wish you an agile and productive future!

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ABOUT THE AUTHOR



Bernadette Kropman is a Business and IT professional, Business Manager, BPM Coach and Co-founder of a BPM Consultancy and software tool.

She has 20 years of business experience, of which 15 years has been focused on the use of Business Process Management to achieve continuous business improvement.

Masters educated at the Queensland University of Technology, Bernadette 's career started out as a Business Process Analyst and she naturally climbed the ranks. With over 100 improvement initiatives under her belt in a variety of industries, she has lead and undertaken these with large corporates such as Vodafone, GE, BHP Billiton, AMP, Rolls-Royce and various local, state and federal government departments.

She is passionate about Business Process Management, continuous improvement and is the co-founder of PRIME© an improvement methodology that incorporates, components of Lean, Six Sigma and BPM.

Recently she co-founded PRIMEBPM©, the cloud-based software tool. PRIME© is used in several government organisations and large corporates, enabling independent continuous business improvement.

Bernadette spends her time enabling others to undertake or perfect their business improvement aspirations. She is a driver of effective and efficient business operations and passionate about the application and implementation of IT in business.

Bernadette lives in Brisbane, Australia with her husband. Her hobbies include cooking, scuba diving, hiking and travel.

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