> ***Questions to consider:***
>
> 1. When did you last ask the customers which features they liked and disliked most about your products or services?
> 2. When did you last ask your customers what additional features or options they would like to see added to your products or service offerings?

¶1-030 Case study: British Leyland

The loss of British Leyland, the UK's largest vehicle manufacturing group containing companies whose history goes back to the pioneer days of motoring, may have had many causal factors but certainly one of those was its sheer complexity and slow reaction to change. Poor industrial relations, frequent management replacements and lack of investment all hampered attempts to move the sprawling empire back into profitability. As a case study, it is an excellent example of the challenges caused by corporate mergers creating an organization too large to re-engineer without its own dissolution.

Such complexity is not necessarily a cause of failure in the SME marketplace, it is more often linked to other factors from cash exhaustion to failure to innovate. The common link being erroneous, ineffective or simply, missing business processes. Experience has shown from years in consultancy, which followed over 15 years in manufacturing working in several different industries, there is also a further common denominator, that being lack of skills, as a major contributory factor for failure. In too many boardrooms, training is seen as a cost not an investment and as such, when markets tighten and revenue streams run shallow, any thoughts of giving people more skills to make them more proficient freeze over.

¶1-040 Motor industry: recent findings

Two recent reports have given credence to the view that lack of skills and inaccurate and unreliable information is continually used by companies. The first[1] states that UK motor dealerships could be wasting thousands of pounds a year by using inaccurate, out-of-date customer information. The research discovered that on average 24% of customer records held by UK dealerships could be obsolete. The financial value of incorrect data was calculated and revealed that the UK's largest dealers could be losing up to £600,000 per year in ineffective mailings (based on three mailings per year and holding 1 million customer records). For medium-sized dealerships (with 100,000 records) an average of 24,000 entries could be out of date, resulting in losses of up to £20,000 per campaign and with an average of three per year that represents a large amount of wastage.

[1] *Experian Automotive*, published in MIM by The Institute of the Motor Industry, November 2013.

© 2014 Wolters Kluwer Hong Kong Limited

> ***Questions to consider:***
>
> 1 With what degree of accuracy and reliability could you use your customer database as it currently stands – 80%, 90% or less than 50%?
> 2 Who takes responsibility for maintaining the customer database in your organization & are they skilled in this role?
> 3 What is the cost of wasted marketing expenditure to your business as a result of inaccurate, incomplete or erroneous customer data?
> 4 What is the failure rate of your customer-targeted marketing and how much of this is due to a poor database or inefficient processes?

It is unlikely that the UK motor industry is much different from any other around the world in this respect. Therefore the sheer scale of this one business process failure is immense. Clearly, without the customer there is no business, so why is this one process "allowed" to become so inefficient? This is probably a question that could be the subject of a number of business process "improvement" books.

The second report follows several pieces of research over the past few years that state that good human resource management leads to higher profits. The Institute of the Motor Industry's own research in 2011,[2] together with the UK Commission for Employment and Skills, identified that without the urgent implementation of improvement skills in people-management and customer service, the industry would be unable to progress.

Introducing new skills – a driver for success

Introducing new skills or enhancing people's skills is not a luxury item, only to be implemented when there are surplus funds – it's a driver for success. A well-constructed training process that links abilities and needs, to corporate growth and profits, is one that every department within every business entity should have in place. It also needs reassessing and in all probability re-engineering, when significant change impacts the business or its markets.

¶1-050 Link between people and profits

One of the first major studies to suggest a link between people and profits was by US academic, Jeffrey Pfeffer, in his book, *The Human Equation*.[3] Surely the manner in which people can work, the activities they have to perform and the efficiency of their use of time is both an important cost-value proposition as well as a motivator for repeated success.

[2] See www.theimi.org.uk/research.

[3] *The Human Equation: Building Profits by Putting People First*, by Jeffrey Pfeffer (345 pages, Harvard Business School Press, 1998).

http://www.pbookshop.com

¶3-010 Introduction

No one can claim that Business Process Re-engineering (BPR) is something new, even though it is not as widely practiced as would be beneficial for the business development needs of today's commercial environment. It was brought into the spotlight nearly 25 years ago in an article in the Harvard Business Review,[1] in which the author argued against the common practice of simply automating existing processes but rather, to use technology to eliminate non-value adding work.

It was then, and still is today, a very valid point of consideration before undertaking any capital expenditure in new computer-based "solutions". Instead of automating, managers should firstly apply their concentration to the challenges of removing non-value adding work from the whole supply chain, that is, re-engineer processes for maximum overall efficiency and effectiveness.

There have been many well-respected management thinkers, including Drucker and Peters, who have presented their views and opinions on the usefulness, etc., of BPR. It has been an effective goldmine for many consulting firms but mainly via them delivering a standardized computer-driven system that may not always have led to a more effective business, albeit one with a lower cost base than previous.

> ***Questions to consider:***
>
> 1. Do you know how many processes could be open to the possibility of being automated and if so, are you considering any systems for these?
> 2. Have you considered making radical changes to these processes rather than automating them & if so have you tried and failed or achieved success – in either case, do you know why?
> 3. How many of your core business processes have you mapped out thoroughly and ensured they are up to date?
> 4. How many other processes have you not examined to test their effectiveness, suitability for today's dynamic environment and why?

BPR is not alone as a management tool or technique for driving business forward. Some of these alternatives have become more popular due to their less intrusive or less radical approach, some due to them focusing only in a specific area of the organization (apart from the attractiveness of a "new" technique), for example, Business Change Management, Enterprise Resource Planning, Groupware & Collaborative Systems, Knowledge Management, Supply Chain Management, TQM, as well as Customer Relationship Management.

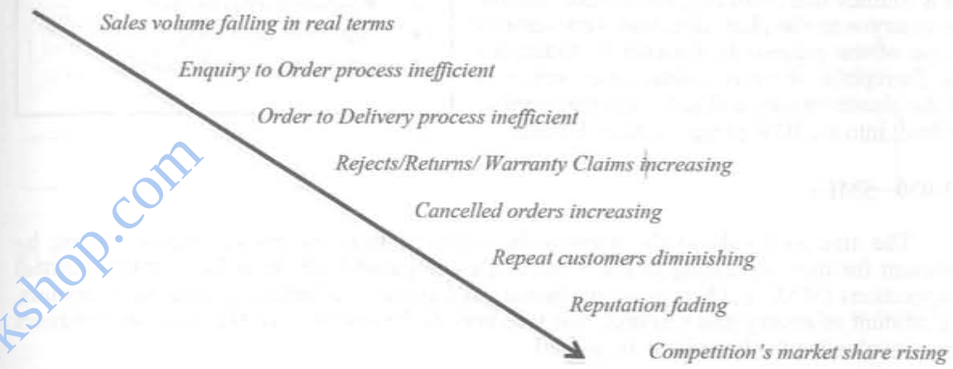
How and when would a business know that it should be considering a BPR project or at least, commissioning a study of its current *modus operandi* of its enterprise? This is a genuine question but yet one without a single answer, because there are many. As a

[1] M. Hammer, *"Reengineering Work: Don't Automate, Obliterate"*, Harvard Business Review July/August 1990.

© 2014 Wolters Kluwer Hong Kong Limited

universal answer, and unfortunately it's the time when most executives start to think about it, one could simply reply, "when the business starts to get lost in the woods, can only see trees and can't find the way out". But this is way too late.

Taking just one of several key business functions, if the organization starts to experience one or more of the following events, then it's indicative of some serious internal process failings (although, some of the underlying causes giving rise to these outcomes may be more complex than obvious and not necessarily just caused by failing or inadequate processes).



So what are the gains to be anticipated from the successful conclusion of a BPR project? A full answer to this question is impossible in this one book; the gains must be those that are personal to the enterprise that has created the BPR project – and every enterprise has a different set of objectives or targets to be achieved. As a stream becomes a river, so these differences flow around a number of obstacles and benefit from gains along the journey, for example:

a) their scale and size.

b) their cultural nuances and norms.

c) the enthusiasm ripple throughout the enterprise.

d) their position and status in the market.

e) the type of industry sector they inhabit.

f) their timescale and resource availability to deliver the project successfully, etc.

http://www.pbookshop.com

the people involved: Include everyone in the pre-planning discussions. The following questions should be asked to understand what diversionary activities are going on (and consider asking these across the whole organization).

Questions to consider:

1. What general problems do you have to deal with?
2. Who do you inform or discuss them with?
3. What are the specific problems that occur most frequently?
4. How do you resolve these problems?
5. What specific matters arise on an irregular or haphazard basis?
6. How do you overcome them?
7. How long have these problems been going on?
8. Has any permanent solution been tried previously & with what degree of success?

From the data gathered by asking these questions, the current processes can be modified to eliminate wasteful, sub-optimal activities in the short term. Better still, it means that the problems that arise through daily activities (all organizations have them to a greater or lesser extent), can be addressed and overcome in planning the new processes to be introduced through the BPR project.

Support activities: These also exist around the whole enterprise and their purpose is to enable or support the core activities to ensure successful completion. They add cost but also enhance the value delivery. In many SMEs these activities are more commonly called "overheads" as they are not recognized as directly contributing to output; this is both a misnomer and often demotivating for those in these support areas, for example:

- accounting and finance;
- administration & telecommunications;
- human resources (personnel);
- IS & IT (although these can be split into direct, which support the production processes, and indirect, those considered as administrative);
- maintenance, which in some companies can also be split into direct and administrative.

Marketing (where separately structured from sales). Have you thought to ask these questions to understand what support activities are essential and whether you currently have more or fewer than you need.

© 2014 Wolters Kluwer Hong Kong Limited

The following questions to consider refer to testing understanding of levels of support and what may be needed:

1. What "things" need to happen before a core activity can take place?
2. Is there a clear map as to how enquires flow through the system to become "dealt with" (processed) orders and, is this an efficient and effective process?
3. Is there a clear map of the "customer order flow-through to delivery process" and on to customer satisfaction, and, is this an efficient and effective process?
4. Where can you make immediate or early-stage process improvements?
5. Have you considered how many of these support processes could become partial or fully automated processes?

How many organizations could function effectively without these support services? It is important to recognize that such activities are essential and therefore the processes adopted for their efficient and effective functioning must be regularly appraised. Their cost and contribution are key elements in the drive for competitiveness and sustainability and as such any BPR project should give equal consideration to their examination as given to the core activities (see next).

Core activities: These activities exist to deliver the primary business objectives and ensure customer value is achieved. Because of this, they are almost always the primary considerations in any BPR project. They are sometimes, the only activities that have a detailed examination and time spent on them: This is both wasteful of the BPR project and potentially highly damaging to the project's outcome.

The exact definition of core activities cannot be prescriptive for all businesses for many reasons, not least of which are the specific choices of different sizes of organization, structures, cultures, and strategic foci. As a general concept, core activities would be, "Those activities that create a value-add opportunity for the enterprise that is readily acceptable to its customers, whilst also enable the generation of a sustainable profit-enhancing organization for its owners or other stakeholders".

The questions that should be addressed are similar to those that need to be asked of support services – see above.

The "real world" position: The process that leads to, creates the need for, or activates change in an organization is often quite simple. It starts with becoming aware of something that needs to be changed, we keep noticing it or it keeps recurring, often with a temporary fix having been put into place when it previously arose. Not everyone may notice that there's even a problem, let alone the need to effect change – this is sometimes recognized by the comments, "*...that's the way we do things here...*", or perhaps, "*...it's how the system works here...*"!

Quite commonly we try a fix for the problem and if that doesn't work, we try a different approach, learning as we cope with the day-to-day pressures of modern business. Finding the time to stop everything to get to the root cause and resolve the issue is always

http://www.pbookshop.com

¶6-010 Introduction

The financial implications build up from the enterprise awareness (see Chapter 5) and are totally reliant upon that stage as well as the human dimension (see earlier chapter) having been completed in thorough detail. These are enshrined in the BPR Project Business Case document.

¶6-020 Typical business case

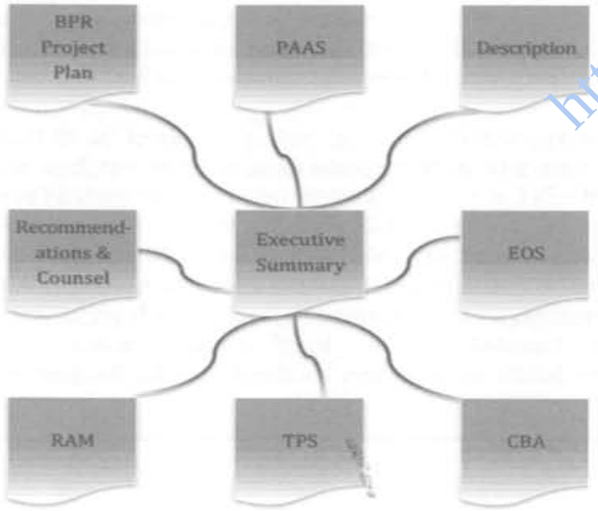
This section of the BPR project plan should include an estimate for every anticipated cost of the project (see box). The financial impetus for the project needs to be balanced with the financial cost and this should be clearly laid out in the business case document.

A typical business case should contain at least the following sections:

- Executive Summary
- Position Analysis & Assessment Statement (PAAS)
- Description of the BPR project
- Expected Outcome Statement (EOS)
- Cost Benefits Analysis (CBA)
- Time Phasing & Scheduling (TPS)
- Risk Assessment & Amelioration (RAM)
- Recommendations & Counsel (RC)

Anticipated cost elements include:

- costs for the development of the BPR team;
- quality assurance;
- new process testing;
- any transition parallel operations;
- implementation-caused disruptions; on-going maintenance;
- administrative costs.



© 2014 Wolters Kluwer Hong Kong Limited

The following paragraphs will discuss each of the listed sections in detail.

¶6-030 Executive Summary (ES)

This provides the SMT with a one to three (max) page outline of the business case and includes the financial benefits to the organization. It should not be optimistic nor a piece of marketing-styled promotion although it can be persuasive. The detail and analysis to support the statements made in the ES are covered further on in the document. In reality, the ES will be the last document to prepare as it summarises the business case content.

For a more effective executive summary, complete all other sections of the business case first. Then pretend you are in a lift (elevator) and someone asks you to outline the expected results of the re-engineering project – in marketing terms this is known as the "Elevator Pitch." The ES is this two-minute exercise.

Questions to consider:

1. Have you included sufficient sections that cover all the requirements for an effective decision to be taken based on the full BPR project proposal?
2. Can each section of the BPR project proposal be understood without a "translator" being present to explain it?
3. Does the appendix contain all the backup data required to answer every question?

Now turning to the Executive Summary (ES), questions to consider:

1. Does the ES have a clear précis of each section?
2. Have you tested the logic of the notes used to form the précis?
3. Have you shown due respect to those who will be reading the proposal (for example, not condescending, nor assuming everything is self-explanatory)?

http://www.pbookshop.com

¶6-040 Position Analysis & Assessment Statement (PAAS)

The BPR project is being proposed in order to achieve a number of benefits for the organization (probably not just financial). Whatever the reason(s), an effective BPR Project Business Case will incorporate a guide for the reader to have a thorough understanding of the concerns facing the organization including stating what is not working well, process/system failings, threats and other weaknesses.

An effective PAAS will assess these challenges covering the whole time span of the organization – past, present and future – in relation to these key drivers:

- product/service profitability;
- financial sustainability;
- operational performance;
- customers & potential;
- employees at all levels – skills & competencies;
- competitors (status, brand. Position, profitability, innovation);
- industry and market trends.

Report writing is not a low-cost item, the recommendations must be presented in the most professional manner – including any interim reports.

Then there's the cost of communications, both internal and external to be included, along with any incidentals, for example, "Awaydays," special briefings, visits to other companies (or sites in your own group if a MB or MNC), who have been successful with BPR projects, etc.

You may note that some of these costs would occur even if a full BPR project was not being undertaken but instead, a smaller, reorganization, re-structuring or individual process re-engineering activity: You would not be wrong. The difference? Scale and scope leading to a greater level of costs involved, more disruption or interruption to normal running and a higher degree of benefits across the whole organization.

This section is clearly an important one for the organization as it not only identifies the financial implications of the outcomes but also must show that there is a cost-benefit justification to the upheaval.

If any item of cost is overlooked, ignored or simply miscalculated there will be a direct affect upon the CBA and quite possibly the decision to proceed, delay or abandon the business case.

To deliver an effective CBA each of the benefits must have a financial quality assigned or attributed to them. This may be challenging for some managers – this is explored in more detail later when discussing performance measurement systems.

Questions to consider to ensure you have included sufficient detail in this section include:

1. Have you identified all the project team's costs – direct & indirect?
2. Have you included all externally driven, outsourced or bought-in costs?
3. Can you be sure that the costs you have identified are:
   - i) All the costs?
   - ii) Accurate and reliable?
   - iii) Essential to the project's success?
   - iv) Easily understood by laymen?

Allocating the costs to the relevant section (as described in the previous i – vii), is not an exact science in that some costs may be allocated to section (i), whereas another organization may place that cost into section (ii) or (iii). The objective with this part of the BPR project proposal document is not to produce a perfect report but one that is accurate, realistic, well-researched and objective.

Remember, this report is to enable a significant financial decision to be taken by the SMT.

© 2014 Wolters Kluwer Hong Kong Limited

¶6-080 Summary of Costs

The table below summarises the main elements of cost that need to be fully investigated, researched and examined before conducting a comprehensive analysis to ensure all, and only those relevant to the project are incorporated, and that each can be clearly and objectively explained and justified.

The CBA[2] is a core element of the proposal documentation and as such will be a major element in the decision making process. In some organizations – particularly where the budget available for such a large disruption to their normal daily operations, will not provide for much external support, it is critical to offer only a faithful, credible and practical CBA.

Summary of the cost elements in the CBA described above

Cost Item	Cost Element(s)
The BPR Team	Time needed for three core stages, these being, research & investigation; analysis of data & needs; assessment of options & recommendations. Any additional (external) support brought in should be included.
Project Development	See also *Administrative Costs*, for example, buying research into customer trends, marketplace innovations & competitor growth, etc.
Quality Assurance Testing	Costs associated with time involved in building-in quality validation, any tools or equipment, computer software testing programs, analytical surveys, as well as using "independent" verifiers who may be external to the organization. Also, costs of corrections – time to find & test alternatives, overcome errors of commission or omission & waste.
Parallel Operations During Transition	Primarily time & people-related costs; also, (perhaps) hiring temporary equipment, office furniture & facilities to accommodate additional staffing. Additional temporary personnel in addition to those assisting with maintaining existing processes.
Implementation	The most disruptive phase, for example, time to set up new processes, launch, work with users until competent. Time it takes to achieve new/re-engineered activity or process will be much longer than anticipated. Avoid being over-optimistic, be reality-based.

[2] CBA – Jules Dupuit, a French engineer, first introduced the concept of Cost-Benefit Analysis in the 1930s. It became popular in the 1950s as a simple way of weighing up project costs and benefits, to determine whether to go ahead with a project. CBA involves adding up the benefits of an action and then comparing these with the costs associated with it. The results of a CBA are often expressed as a payback period – this is the time it takes for benefits to repay costs (definition from mindtools.com).

http://www.pbookshop.com

¶6-130 Summary

The following summary of this chapter brings together the questions that need to be asked so that the answers can be addressed. By seeking out answers on such awareness of key aspects of influence from having a clear understanding of the business case being presented for the adoption of the BPR project to awareness of the external factors that an effective BPR project can be led through to its successful conclusion.

Without this knowledge and understanding, pitfalls and traps along the way will derail momentum and lead to loss of motivation and ultimate failure. Such a situation would place the organization in serious peril.

There is a hierarchy: Many of these questions need to be asked of every member of the boardroom and the responses must be reliable and honest – not just being given being it's what is expected (or wanted) to be heard. From this level, the questioning process should be cascaded down through all other tiers of management, asking these questions where relevant. From my experience as a business development consultant, some of managements' responses may surprise their more senior managers (in a positive way) and open up opportunities to enhance the BPR project.

The important questions that you need to ask of your business are:

1. Have you included sufficient sections that cover all the requirements for an effective decision to be taken based on the full BPR project proposal?
2. Can each section of the BPR project proposal be understood without a 'translator' being present to explain it?
3. Does the appendix contain all the back-up data required to answer every question?

Now turning to the Executive Summary (ES), answer these questions:

4. Does the ES have a clear précis of each section?
5. Have you tested the logic of the notes used to form the précis?
6. Have you shown due respect to those who will be reading the proposal (for example, not condescending, nor assuming everything is self-explanatory)?
7. Customers who will benefit from our BPR project include...
8. Internally, who are the customers of our BPR detailed plan?
9. Contributors to our BPR project planning are [insert name]…
10. Who will be responsible for the production of the BPR Business Case document?
11. Who is in the team preparing the Business Case?
12. The date for the proposed BPR project to commence is [insert name]
13. When will the BPR Business Case be submitted?
14. How long will be given for the study and review process?
15. What is the most positive causal date that the project should begin?

More questions...

© 2014 Wolters Kluwer Hong Kong Limited

More of the important questions that you need to ask of your business:

16. Considering the expected outcomes for each of the following groups, define in one simple sentence what each group will want from the successful implementation of this project (*not in order of priority*).
    a) Customers: Long-established, as well as one-off existing, and new, potential ones?
    b) Users of the new processes and systems?
    c) Those who can authorize this BPR project?
    d) Your BPR project team?
    e) The business leaders and SMT who have operational duties?
    f) Suppliers and Stakeholders?
17. What makes you sure of the responses you have just given?
18. How can they be independently or objectively verified?
19. Have you identified all the project team's costs – direct & indirect?
20. Have you included all externally driven, outsourced or bought-in costs?
21. Can you be sure that the costs you have identified are,
    a) All the costs? c) Essential to the project's success?
    b) Accurate and reliable? d) Easily understood by laymen?
22. Have you identified all the necessary TPS data – direct & indirect?
23. Have you included all TPS data whether it relates to external involvement or internal action/activity/decision?
24. Can you be sure that the TPS data you have included are:
    a) Complete/nothing omitted from the detail?
    b) Accurate and reliable?
    c) Easily understood by all who will need to follow the TPS?
25. Have you identified all the obvious risks – direct & indirect?
26. Have you identified all the less obvious risks – direct & indirect – making sure that you haven't dismissed them without being absolutely sure?
27. Have you fully documented all risks – including the extremely unlikely ones – and worked out a priority rating?
28. Can you be sure that for the data used in the risk assessment you have included are:
    a) Complete/nothing omitted from the detail?
    b) Accurate and reliable?
    c) Easily understood by all who will need to follow the TPS?
29. Have you made sure that if you select a software solution that you're not simply automating any process problems?
30. Are you sure that a software solution is the right one for you?
31. Have you been to visit a company that is using this software AND that is of a similar size and structure to your organization, preferably operating in a similar marketplace?
32. Have you asked for the software vendors User Group details and checked on their website (or blog)?

http://www.pbookshop.com

- ✓ facilitated continuous development of processes;
- ✓ can be used for analytical activities at either end of the supply chain, such as suppliers and customers;
- ✓ when used by Human Resources department it is useful in building effective employee development plans;
- ✓ very effective when applied to new product or service development;
- ✓ practical in working through the stages of new or revised process trials.

Thinking about the SWOT Analysis, can you answer the following questions:

1. Where are your strengths, list no less than eight, more if possible?
2. What are your top five weaknesses? List all you have – be objective.
3. Where do you see the next three opportunities coming from & how large?
4. Who or what present the greatest threat to sustaining the organization?

The way to gain maximum benefits from PDCA is to use PDCA processes as a continuous feedback loop so that managers can identify – on an "as-needs-arise" basis – and change activities within the parts of the process that need improvements without waiting for a change management instruction or even, a BPR project.

Whilst it is most commonly applied to manufacturing systems, especially in LEAN Management organizations, PDCA is an effective process for continuous improvement or problem solving in business strategy planning and in reaching strategic decisions in the service sector, retail/wholesale as well as engineering, applied research and other industrial environments.

¶7-040 PEST Analysis

Another tool that can be used as part of phase one is the **PEST Analysis**,[4] which takes the investigation into the external environment as well as internal – a PEST Analysis can be focused on the internal aspects to great effect, especially if the organization is a MNC. The four elements are:

- **Political** – this refers to the ways in which the government intervenes (some say interferes) in an economy in terms of environmental and labour laws, tariffs, trade restrictions and tax policies. It also shows how the government influences the two main influences upon people and behaviour – education and healthcare – and how it affects the country's infrastructure.

[4] PEST Analysis is a simple and widely used tool that helps you analyse the Political, Economic, Socio-Cultural, and Technological changes in your business environment. This helps you understand the "big picture" forces of change that you're exposed to, and, from this, take advantage of the opportunities that they present.

© 2014 Wolters Kluwer Hong Kong Limited

- **Economic** – this refers to how exchange rates, inflation rates, interest rates and economic growth affects the business and its ability to grow, develop and direct its strategic plans, for example, the impact of foreign exchange rate policy on exporting of goods or services, or import tariffs.
- **Socio-Cultural** – this refers to how a society behaves and interacts culturally; its cosmopolitan factors; the population growth rate; the consideration people give to their health & hygiene; the range and extent of these factors/influences across the country; people's perspective on work and careers/status. Social trends have changed significantly in China over the past decade or so affecting these factors considerable, driving wealth creation and investment.
- **Technological** – this refers to how technology changes and that pace and extent of change from greater automation to lower unit costs and increased efficiency and quality levels. R&D activity, innovation and availability of incentives (grants, interest-free investment, etc).

For some users, PEST can also be extended to seven or even more factors, by adding Ecological (or Environmental), Legislative (or Legal), and Industry Analysis, which produces the PESTELI model. Other variations on the theme include STEEPLED, SLEPT, PESTLE and LONGPESTLE (adding Local, national and Global versions to PESTLE), which allow for a dedicated Ethical, International and Legal section.

These extensions can be rationalized back under the original four headings and for most users, this is a more effective method.

According to James Maktelow and Amy Carlson,[5] there are four reasons why a PEST Analysis is useful. These are as follows:

1. It helps you to spot business or personal opportunities, and it gives you advanced warning of significant threats.
2. It reveals the direction of change within your business environment. This helps you shape what you're doing, so that you work with change, rather than against it.
3. It helps you avoid starting projects that are likely to fail, for reasons beyond your control.
4. It can help you break free of unconscious assumptions when you enter a new country, region, or market; because it helps you develop an objective view of this new environment.

[5] James Maktelow and Amy Carlson in their paper, PEST Analysis – *Identifying Big Picture Opportunities and Threats*, © Mind Tools Ltd, 1996-2014. Harvard professor Francis Aguilar is thought to be the creator of PEST Analysis. He included a scanning tool called ETPS in his 1967 book *"Scanning the Business Environment"*. The name was later tweaked to create the current acronym.

http://www.pbookshop.com

Financial Focus & Stability	
Goals/Objectives	**Performance Measures**
Survive	Cashflow status
Success	Quarterly & annual reviews of sales growth & profitability by business unit
Sustainability	Increasing market share between 2-5% per annum & a satisfactory RoE & RoI

Internal Focus & Administration	
Goals/Objectives	**Performance Measures**
Technological capabilities	Manufacturing status & capabilities compared to the competition
Manufacturing excellence	Cycle time Unit cost & cost-value proposition Resource utilization
Research & Design productivity	New product innovation New process design Pace of engineering change implementation
New product/services introduction	Achievements against planned introduction Competitor comparison

Customer Focus & CRM	
Goals/Objectives	**Performance Measures**
New products & services	% and revenue streams from new product/ service introduction % and revenue streams from current product/ service catalogue
Customer satisfaction	% of on-time deliveries Number & % of key account customer's requirements
Customer joint-venture partnerships	Volume and value of collaborative development projects

Innovation & LED Focus	
Goals/Objectives	**Performance Measures**
Technological leadership	Status in industry sector for innovation & market development
Manufacturing & core skills LED programmes	Pace and extent of Learning, Education & Development initiatives
Product & services demand range	Pareto distribution of sales by product/service
Product/services dynamics	Pace of launch of new products/services (leaders or followers?)

In outline, the BPR project's implementation schedule will encompass the key project phases within the framework of the project's business case to enable a detailed Work Breakdown Structure (WBS)[13] to be produced and incorporated into the implementation plan.

These key project phases and their inter-relationships and overlapping activities can be plotted on their own individual timelines and, most importantly, the overall project's time plan. The implementation schedule will need to include:

- the individual key phases with brief description;
- contingent/conditional activities for each phase;
- the main deliverables for each phase;
- key activities for each deliverable & timescales;

[13] Work Breakdown Structures (WBS) are used for decomposing a project into easily manageable components.

© 2014 Wolters Kluwer Hong Kong Limited

- important milestones with accompanying *Gates* (see below);
- inter-relationships & linkages;
- authorities and responsibilities for each phase.

A brief word on timelines: The BPR project timeline can be as simple or comprehensive as is preferred (as per the organizations preference or cultural norms) but it is most important to incorporate the entire timeplan schedule prior to the beginning of the project. This timeline must include a clear launch and completion *Gate* along with the relevant key milestones Throughout the BPR project. This will help with goal setting and helps the various teams to identify and establish clear priorities.

Most SMEs operate with limited resources (time, people, finances) as and such tend to keep to simple processes, including BPR project planning. Sophisticated planning software tends to be out of budget reach but there are (often free) templates available to assist with project implementation that work in MS Excel, Word or Powerpoint.[14]

Let us also consider the matter of establishing BPR project "Milestones". Milestones are more than just way markers on the precarious route to achieving the benefits from the BPR project. They are the foundations and framework structure for the project's implementation schedule, an important event marked on the project's timeline and they function as the checkpoint that is the pre-determined, *Gate* (see Gateway Analysis later), such as a point of success. Indirectly they can also foster a greater motivation (unless the project is in trouble) to move the project closer to its completion. Milestones can best be created from the WBS as the process helps to make complex projects more controllable.

Effectively, the WBS deconstructs or breaks down the (often complex) BPR project into manageable pieces to make time estimations easier and determine practical placements of the *Gates*. One of the easiest ways of achieving this is to start by determining key deliverables and list them. Then, taking each one in turn, deconstruct it, that means break it down into the various elements and sub-elements to determine the activities and processes that need to happen to achieve its completion.

Working to this routine has the additional benefit of facilitating the identification of the critical path(s). But a word of caution here too, do not set up too many milestones thinking that they will provide a tool to micro-manage the project and keep people on track more closely – it can create more pressure than motivation.

Justifications commonly given for creating Milestones

- Helps create accurate project configuration.
- Helps allocating & assigning responsibilities.
- Defines phases, *Gates* and project milestones.
- Helps increase accuracy in cost forecasting, risk assessment, time mapping & QA.
- Useful tool for comms plans and in third-party discussions.

[14] One source of downloadable MS Office™ templates is from www.brighthubpm.com/templates-forms. I have not used these templates and do not give any approval or accept any responsibility for their use.

http://www.pbookshop.com

- an executive summary can be issued to every employee, either as an e-mail attachment or incorporated into their newsletter;
- employees should be encouraged to discuss any questions with their immediate managers who have access to the full BPR plan;
- apart from the impact upon the organization and its peoples, timings should be clear – the timing of when the SA exercise will commence and the reasons why this is an important process that must be undertaken at this time (and remember, this SA exercise is a pre-curser to the BPR project which may not even be accepted but change will arise from the SA activity, inevitably);
- regular updates of progress against the planned timings must be reported and in a simple, illustrative form using charts and graphs. One company I worked with, used giant wall charts attached to the office walls and again around the walls of the factory units. Once a week an update was plotted on these charts along with successes during the week and brief explanations for snags or delays;
- managers can be involved in a weekly update meeting where the key points of the week are discussed and revisions to activities, early and immediate gains taken advantage of, reasons for amendments to timings or key objectives all explored and agreed. Such meetings need not be lengthy, depending upon the size and scope of the BPR project – or its pre-curser, the SA – an hour would be sufficient in most cases based on my experience;
- a monthly update report can be circulated by e-mail or in the newsletter. Big hits and milestones can be brought to everyone's attention by the individual managers all holding a short (30 minutes to include Q&A) monthly gathering with their employees;
- the communications plan must also include an external element, most probably a PR version that provides all the positive news to the media, marketplace and industry. This PR process is an important part of the marketing of the organization's positive, forward-facing management's ability to secure, sustain and drive the enterprise into the future. All the positive gains made can be highlighted, which serves to build confidence in customers and those who may be watching the enterprise for its investment potential.

¶8-040 Effective performance measures

Mention of the need for effective but relevant performance measures has already been made in chapter five, "*BPR – the Human Dimension*" but it is such an important point that it should be explored further here, and it may be considered radical by some. To minimize the disruption, the primary thought process in setting effective performance measures is to ask these questions:

1) What do I need to measure, what are the key results?
2) Who can help to achieve these results?
3) How can they best achieve the performance necessary to reach these outcomes?

© 2014 Wolters Kluwer Hong Kong Limited

This is a much more sustainable approach than using the typical and more conventional, carrot and stick approach. It is also more motivational, and therefore effective, in achieving the overall objectives (a sustainable enterprise) to help teams or work groups to set up their own performance measures that they can use as tools to facilitate their achievements, rather than the measures (sticks to threaten) used only to "rate" employees. A statement familiar to those who are involved in quality assessment is that up to 95% of performance problems are caused by the activity processes and only 5% are with the people actually doing the work.

The big problem with performance measures is that they tend to be either an amalgam of two factors or they ignore one of the two factors, either way, reality is bound to deliver a different outcome. Here are the two factors:

1. The actual activity time to perform the work, and,
2. The human performance level for that work activity.

There is a solution, by using a methodology that used to be known as, "*Time & Motion Work*", now commonly referred to as, "Work Study", which helps organizations to define these two individual parts of the process needed to achieve the output required and to the standard necessary, every time. As a consequence of using this approach, time planning can be relied upon as part of production or office activity scheduling and costs can be built up on a standard basis taking all normal factors into consideration.

In the 1970s, when I was being trained in *Time & Motion Work*, I used a stopwatch to measure all individual time elements of the work that was being performed. After several repeats, a range of times were built up that could then be averaged, or used as a base to take a mean time as the "standard time allowed". Such standard times were useful for activity scheduling and costing alike. But the second dimension also needed to be included, the non-direct time, for example, getting tools, picking up the work piece, setting up the tools or opening up the computer programme and logging in, getting files and paperwork for transaction processing, etc.

There is also a third element of time consumption, the human element, here are a few examples of causes:

- not everyone works at the same speed;
- not everyone has the same strength;
- not everyone understands what is needed as quickly;
- not everyone works to the required level of efficiency all of the time;
- for those learning their tasks, the time it takes them to complete will be longer than for an experienced person;
- for intricate work, some people have more dexterity and are more nimble than others;
- some people are more cautious as they work;
- some can concentrate for longer periods;

http://www.pbookshop.com

¶9-010 Introduction

There are a number of laws of physics, e.g., Newton's laws of motion or Einstein's laws of gravity, etc., then there are such things as the laws of nature, e.g., the tides ebb and flow, the seasons come and go; finally there's the laws of occurrence, e.g., on a cloudy day if you forget your umbrella it will rain, if you're late for a meeting or a flight, all the traffic is against you, and more significantly, things will not go as planned!

Planning is the key to maximizing your changes for a successful BPR project, even to the extent of working through the RA (risk assessment) phase to determine the things that could go wrong and then setting up plans to manage those situations. The implementation phase is where the real world comes in and affects those plans, usually leaving you with sub-optimal outcomes. Turning these situations around means looking at the strategy applied, and the crucial link between that and two other key elements – organizational and individual performance.

Experience shows that performance outcomes can be viewed from the organizational perspective – how did the system, processes, equipment, planning, etc., fail to deliver what was planned? Then there's the individual performance perspective – what did we do wrong, not as well as expected, forget to do or omit from our planning and preparation?

Consider the following important questions:

- Are you sure that your plans are the result of exacting, detailed and reliable investigations?
- Have you examined all the relevant matters?
- Is your RS thorough enough to withstand all adverse impact?
- Does your implementation strategy involve everyone?
- Have you produced a clear, well-informed communications process that is flexible and covers various media channels?

¶9-020 Strategy Execution

According to Jeroen De Flander,[1] of The Performance Factory,[2] "Everyone – from the CEO to the blue-collar worker – is involved in executing the strategy. His or her roles might be different but each individual contributes to the organization's overall performance. Successful Strategy Execution includes both top-down as well as bottom-up processes – *the never-ending story*. Strategy Execution is not a one-off exercise. It's a continuous, ongoing,

[1] Jeroen De Flander, is a seasoned international Strategy Execution expert, top executive coach, seminar leader and highly regarded keynote speaker. Jeroen has helped more than 19,500 managers in 24 countries master the necessary execution skills.

[2] The Performance Factory © 2009 – 2013; originally established in 2000 as a spin-off from Arthur D. Little, the oldest strategy consulting firm in the world. Our mission was to help clients improve Strategy Execution through strategic initiative management. In 2008, The Performance Factory was launched as a Strategy Execution knowledge centre.

© 2014 Wolters Kluwer Hong Kong Limited

"endless" process. Most companies aim for an annual, recurring cycle: But in challenging times like today, the cycle goes much faster. With each cycle, you can improve your execution capability and get a better performance return on your strategy.

BPR projects are complex, almost inevitably things will not work out exactly and often for one of two reasons. Outcomes are sub-optimal because the project strategy execution was at fault or because of problems that had not been foreseen – the latter will be discussed later.

De Flander adds, "Strategy execution is a vast, complex topic – but this doesn't mean that your communication about it needs to be that way too. Presenting strategy execution in a focused, easy-to-remember way gives a great recognition boost in your organization: And recognition is one of the first steps you need to take when you want to change behaviour.

"The manager is a key strategy execution actor. He/she participates in all activities, including, strategy communication, translating the strategy to department, division or team, setting his/her own objectives, defining objectives for the team, coaching for performance, and evaluating performance. The quality of your strategy execution is strongly linked to the effectiveness of your managers. The better your managers carry out their role, the better the results you will achieve".

People who are led effectively – whether that's through direct, positive, inter-active behaviour, or a more devolved approach – tend to be more successful at delivering projects. Additionally, when faced with outcomes that are not as planned or anticipated, such people (as individuals or in groups/teams) are more able to rise to the challenges and work together to overcome these sub-optimal outcomes.

¶9-030 De Flander's, "*The 8 Building Blocks*"

The Performance Factory has developed a visual representation of this inter-relationship between strategy, performance and outcomes, called, "*The 8 Building Blocks*". The image produced below and what follows is the abbreviated reference to "*The 8 Building Blocks*"

The adapted *8 Building Blocks of Successful Strategy Execution* can be applied specifically to almost any BPR project – using the following commentary to compare against what has happened to result in your sub-optimal outcome, and then draw from this how to make the necessary change to prevent a recurrence.

http://www.pbookshop.com

Of course, problems do occur with even the most well prepared BPR plans, so when they arise the specific matter must be assessed and a decision made on the next course of action. In my experience, there are a few typical situations that normally require corrective action, for example:

Where caused by internal problems:

- a specific activity is behind schedule or in excess of budgeted resources (time, costs, etc.) and it is affecting the next stages, therefore the overall project scheduling and objectives: These need urgent attention;
- an individual activity was overlooked, and to add to the problem, there is no ready or easy repair; perhaps to add to the challenge, it was on a critical path;
- a major Gate-schedule was missed with the knock-on effect of causing delays and/or disruptions further along the process;
- the operational execution of the project to this stage does not comply with the BPR business case specifications and outcomes;

Where caused by external interference, delays or disruptions:

- as with a multi-million [Sterling] computer project once, a major technical problem with the selected technology began to become irresolvable, and time horizons kept being moved forward. In such instances, the most cost-effective resolution to the problem does not allow the project to continue with the chosen supplier;
- on another case, the major, innovative product had to be substantially redesigned when it was discovered that under certain (rare) conditions, it would not achieve what was projected. The project had to return to the design stage for resolution;
- with an SME project, the government-supported research funding had "run dry", and without additional funding the innovating alternative energy project had to be put on hold;

Where a project over-runs its allocated budget or lags behind schedule – both common events from my experience in the SME sector (and not so uncommon in many MNCs) – steps need be taken to find the answers to the following questions:

- does the SOP indicate the project is still likely to meet its original objectives?
- is the problem list so long – or the scale of problems to be resolved – that the project needs to be redesigned or rescheduled at any of its stages?
- finally, the "killer question", does the project look likely to achieve its overall contribution to the organization's business needs?

It is worth repeating that when problems or project stage challenges need urgent corrective action – and an action that cannot be immediately resolved – there needs to be access to the relevant authorizing manager or specialist who can overcome the issue.

© 2014 Wolters Kluwer Hong Kong Limited

An effective BPR project control process does more than just track, monitor and review activities and progress through Gateway Analysis and an effective SOP but will also re-schedule the project when a major problem requires a more comprehensive solution.

Although a priority is to try to keep the project on track overall, and especially the project's schedule, it's absolutely vital that the BPR project outcome is not compromised either financially, operationally time-wise or from a quality perspective. If necessary, a recovery plan may need to be created to fix the problem as quickly as possible and to limit the extent of the damage to the project, its schedule and the end result.

¶9-060 Project Recovery Plan (PRP)

Taking the foregoing into account, where a detailed *Project Recovery Plan* (PRP) is needed, the plan needs to incorporate the factors shown in the box here.

Essential factors in the BPR *Project Recovery Plan (PRP)*

* Nominate the PRP leader.
* Produce a process flow of activities to be completed to complete the recovery.
* Produce a schedule with a time-plan for each activity showing start and finish points.
* Identify reliance factors & linkages as well as any interconnectivity for each activity or process.
* Obtain clear and specific executive approval – either from the SMT or relevant manager/specialist/third-party.
* Drawing on the business tool of Kaizen (continuous improvement) think about the successful outcome of the PRP to see where changes to the scheduling process or any activity monitoring improvements can be made – not forgetting any cost implications.

Just as tracking and monitoring are critical to managing the BPR project, so too are regular progress reviews – just because snags may be minor and delays minimal overall, does not mean all is fine. I have seen simple projects "go off track" simply because of the lack of regular formal project reviews. There are typically several different types of review and their suitability will be determined by the organization and the value of the project being reviewed, see the following examples:

a. Status meetings with BPR project team members responsible for key project organization and deliverables.

b. Executive Reviews – generally when required but also (say) quarterly.

c. Team meetings – generally when required but also (say) weekly.

d. Independent Reviews – depend on project size, complexity, value and risk.

e. Technical Reviews – depend upon project stages, e.g., during system design stage there will need to be detailed design reviews, possible design walkthroughs and peer reviews.

http://www.pbookshop.com

¶9-110 Summary

The following summary of this chapter brings together the questions that need to be asked so that the answers can be addressed. There will be disruptions, they need to be recognized, their scale and extent understood and positive actions taken to minimize their effects.

Without working through these questions, being sure of the answers and making all necessary changes, the BPR project will struggle to deliver the benefits anticipated.

The important questions that you need to ask:

1. Are you sure that your plans are the result of exacting, detailed and reliable investigations?
2. Have you examined all the relevant matters?
3. Is your RS thorough enough to withstand all adverse impact?
4. Does your implementation strategy involve everyone?
5. Have you produced a clear, well-informed communications process that is flexible and covers various media channels?
6. Investigations for the BPR project were lengthy, how current is it now, still up to date or has anything changed since?
7. Has everyone, at the various levels, seen the plan and been given time and the route to comment?
8. Have you balanced the macro and micro needs, especially regarding the KPIs for those who will have to deliver the project?
9. Have you built-in enough time for the assessment at each *Gate*?
10. Allow full involvement of everyone relevant to determine where the planned and actual initiatives have differed and how to rectify.
11. Are your goal-setting and task-motivation performance measures the right ones for your project?
12. Have you built-in enough time for coaching and can your managers carry out this role effectively?
13. Have you set up the BPR project performance appraisal process at the Gateway Analysis stage & is it well structured (or subjective)?
14. Are all Four Cornerstones in place for an effective SOP?
15. Do the designated people have the skills they need to resolve problems?
16. Are people empowered and encouraged to resolve issues locally?
17. Have you set up a clearly defined PRP & does everyone involved know what is expected of him or her?
18. Is the timing of the review period suitable for your needs, ie, it's not too short or infrequent?
19. Is there the right balance of flexibility and structural reporting needs?
20. Do you know how many such systems there are across the organization – official or otherwise?

More questions...

© 2014 Wolters Kluwer Hong Kong Limited

21. How many of these Application Silos are the basis for data used in management reporting instead of from the "official" system?
22. Is there a possibility that there is data in one or more of these silos that has led to the sub-optimal outcome for the BPR project?

Questions regarding Balanced Scorecards:

23. Do you know how they work, what their benefits are and how to put them together to provide additional key information about the progress of the BPR project?
24. How many of the SMT and/or other managers with significant involvement in the BPR project can put an effective BS together?

Questions regarding managing problems:

25. How many of these tips were you already aware of but not following when it comes to resolving the challenges of sub-optimal outcomes of the project implementation (at any of the project stages)?
26. Do you recognize the value of the investment in up-skilling your project team and managers in these techniques?
27. When will you assess their needs and provide the missing skills

Questions regarding pressure-stress levels:

28. Are you or any of your managers showing signs of being under continued pressure-stress?
29. Do you consider it to be part of the job?
30. Would you rather lose your best people as a result of pressure-stress levels being ignored or undertake some health checks now?

Questions regarding the C4 Route:

31. Are your managers aware of the C4 Route and if so, do they implement it continuously?
32. If unaware, how soon can you introduce this essential knowledge?
33. When were these four vital elements last checked and if the outcome was not favorable, what has been done to rectify the situation?

Questions in relation to BPR project failure:

34. Are you aware of these typical major causes of the perceived failure of a BPR project?
35. If so, have you managed the project outcome effectively when compared to the notes given?
36. If not, can you see what needs to be done to rectify the situation?

http://www.pbookshop.com

In some project teams, members try to find their own solution to this problem and using latest IT developments turn to "*Cloud-based*"[5] file sharing services. The disadvantage, and risk to the project and the enterprise, comes from the lack of the stringent security requirements of the head office IT security processes. Misuse of data can result in damages that can cost companies millions.

In checking for causes of differences between the outcomes and strategic objectives, ensuring data communication is also examined and matched to needs. It is therefore important to ensure the IT/IS needs are both relevant and incorporated into the BPR project and reviewed throughout the project with shortfalls topped up as necessary.

Finally, it is worth recognizing that organizations do not change but it's their people that have to. Often, companies move quickly from setting their BPR project objectives to implementing a set of change initiatives. Whether the project rationale is to deliver a new growth strategy process, radical revision of its business-unit structure, or perhaps to integrate a recent acquisition or the roll-out of significant, new operational processes, the inevitable focus will most commonly be on altering systems and structures then creating new supporting policies and processes. This is all to achieve an original aim that may no longer be feasible.

To achieve BPR change over time, actions such as these are important but on their own, they are insufficient. The new strategy, policies and processes will fall short of their potential if they fail to match people's underlying mind-sets and capabilities with (changing) current situations affecting those same individuals who will need to execute the changes.

Ensure people's expectations, abilities and real-time work environments are regularly examined, consistent and that they balance internal and external situations to those of the BPR project. This is similar to the "within and without" ideology of the human being in the workplace whereby people need to be happy and satisfied within themselves about their work, their colleagues and the organization for whom they labour. Only then can the formal structure, business goal-enriching, management processes deliver satisfactory outcomes.

[5] "Cloud-based" – Applications, services or resources made available to users on demand via the Internet from a "Cloud Computing" provider's servers. Companies utilize cloud-based computing to increase capacity, enhance functionality or add additional services without having to commit to potentially expensive infrastructure costs or increase/train existing in-house support staff.

© 2014 Wolters Kluwer Hong Kong Limited

¶10-080 Summary

The following summary of this chapter brings together the questions that need to be asked so that the answers can be addressed. There will be disruptions, they need to be recognized, their scale and extent understood and positive actions taken to minimize their effects.

Without understanding how to consider the differences that will arise between the project outcomes and its original strategic objectives, the enterprise is at risk of making the wrong decisions that may result in further variations rather than achieving alternative successes. This matching process needs to consider all the elements discussed in this chapter and resolve any issues arising from answering the questions posed here.

The questions that you need to ask of your organization are:

1. Are you sure that the objectives created are still the right ones to be achieved for this BPR project?
2. If so, have any circumstances changed either internally or from without, eg, markets, competitors, new technology, etc.?
3. If so, do you need to revisit the BPR project's core objectives, develop some additional objectives/targets or amend some activities?
4. Can you readily see where there are significant differences between the original project objectives and those being achieved now?
5. If so, can you explain how these have a risen and if the original objectives were unreliable, inaccurate, too weak or are the outcomes at fault?
6. Can you differentiate between key, critical, importance variations and relatively minor, risk-minimal variations?
7. Can you rationalize the changed market/customer circumstances at the time of the project's completion with information available at the time of project planning or its launch?
8. From the explanations of this variation how far back down the route can you trace it to a point (or Gateway) where you should have been aware and/or taken amending or re-routing the of the project?
9. If your BPR project is still progressing along its journey, can you visualize the revised endpoint and create a replacement forecast scenario to build a revised implement action plan or part thereof?
10. Are you are aware of the differences between the countries that will be involved in the execution of the BPR project??
11. Have you considered the individual elements of cultural variation when incorporating control and feedback reporting?
12. What procedures have you put in place to build a country team for each area involved in the project as well as an intra-country process?
13. Does the SMT understand the need for the different approach to control, reporting, leadership and motivation in differing cultures?

http://www.pbookshop.com

Perfection is rarely achievable in an organization, especially today's highly complex, intensive computer-driven companies: The aim is to bring the activity time as close to the elapsed time as possible, a 1:1 ratio.

As an example, if the time spent on all activities required to produce the item ordered by the customer – or underwrite an insurance policy, treat a broken limb in a hospital, or create a business loan, etc., - is three hours then the elapsed time from order receipt to delivery should be as close to three hours as possible. Any additional time is non-value-adding and therefore a net waste to the enterprise, simply acting to reduce profits.

3.6 Where can immediate improvements be made to the process or activity?

Following the process mapping activity there are often a number of immediate changes that can be made, perhaps simplifying a form so that there is a lesser need to manually add data, or combining transaction forms, or incorporating barcoding, optical character recognition or some other digitization.

3.7 Where can time be shortened without losing efficiency or quality?

Having carried out a process mapping activity, the actions and relevant document flows will have been clearly identified. At each step, the time can be measured and with the benefit of asking the types of questions previously discussed above, a number of options should become apparent.

Choosing which to begin changing will be a partly subjective decision [wanting to achieve early gains] and partly objective [needing to reduce time and save costs on NVA actions].

3.8 Where can "Waste" be reduced or eliminated?

There are two forms of "Waste" in any organization – the physical scrap and the inefficiencies of sub-optimal application of resources in the creation of wealth or objective satisfaction. The former can be readily seen, measured and monitored so that actions and activities support the minimization or elimination of scrap.

The latter can best be described by using the terminology of LEAN Management:

1. Overproduction.
2. Waiting.
3. Transporting.
4. Unnecessary processing.
5. Unnecessary inventory.
6. Unnecessary motion or movement.
7. Defects.
8. Under-utilization of talent.

Examination of each of the above "Octet of Wastes" (Dragon Business Skills ©) will repay the investment of time straight to the bottom line.

© 2014 Wolters Kluwer Hong Kong Limited

3.9 Where can any processes be combined?

See guidance provided above.

3.10 Where can forms, slips & "chitties" be combined, reduced or eliminated?

See guidance provided above.

3.11 Where can checks be moved closer to the point of origination of action?

Breaking down the old-fashioned or traditional hierarchical structure of line command has liberated many organizations that have been brave enough to adopt flatter authority-responsibility structures. A key aspect of such gains has been seen when moving the decision point for actions and authority closer to the area where the implication for that action is required.

Obviously this is not a simple change and may need gradual introduction dependent on impact and complexity of the enterprise. Also, it cannot be achieved without more training being provided for all affected – those receiving additional responsibility and those yielding up some previously held authority – and is not suitable in all situations.

3.12 How many of the LEAN Management's "Octet of Wastes" (Dragon Business Skills ©) are being committed?

See the previous guidance note on LEAN Waste above.

3.13 Does the customer actually appreciate its added value (cost)?

To answer this question you will need to have an understanding of why the customer chooses your product or service offering. In knowing how they make their buying decision leads you to recognize which aspects of your organization the customer feels they are paying for, i.e., where they receive value.

Determining this [through surveys or informal questioning techniques] will enable you to identify which activities or processes matter little to the customer: These are the ones to focus attention upon in order to reduce, minimize or eliminate them.

It is also worthwhile working with your marketing team, considering if it is possible to build some positives from these currently unrecognized activities in the customers' perspective. Some may become USPs, or could be emphasized as features or benefits in marketing literature.

3.14 How good is your connectivity within your organization, do all parts of the company know what's going on, what others do, how they contribute to the overall performance?

An holistic, integrated, fully informed enterprise is always going to be more efficient and effective at achieving its objectives. People who are informed are usually more motivated and linked to their organization than those kept in the dark. It is a fact of human nature that when people do not know something that they feel they should know, they will create their own version of that information. This is rarely as flattering as the SMT would like.

http://www.pbookshop.com

6.21 Can you be sure that the costs you have identified are,

a) **All the costs?**

See the previous guidance note regarding costs [direct & indirect].

b) **Accurate and reliable?**

See the previous guidance note regarding costs. Ensure also that accounting convention and any regulatory requirements are covered by the detail. If any non-domiciled costs arise [regulatory or otherwise] note how these costs have been identified and when they will become payable.

c) **Essential to the project's success?**

See the previous guidance note regarding costs and in addition, carry out a validation check to ensure that all costs of resources have been fully included not just for the implementation stages but also through the early stages following implementation whilst new processes and activities are bedding down.

d) **Easily understood by laymen?**

This has also been covered in a previous guidance note but it is helpful to reinforce the need to ensure that costs can be understood – where they arise, why they are the level they are, how alternatives have been dealt with during investigation stages, and that the proposal represents the best cost-effective solution.

6.22 Have you identified all the necessary Time Planning & Scheduling [TPS] data – direct & indirect?

The various stages will each need a carefully constructed time plan as a failure in one would have a knock-on effect on other stages. The ripple effect of substantial delays through the project is likely to mean that the overall project could be threatened with significant delays and additional costs.

Whilst estimates will be necessary in some areas these should be based on sound principles, previous knowhow, change management data, industry standards and the experience of others who have encountered similar situations, there is no room for guesses.

6.23 Have you included all TPS data whether it relates to external involvement or internal action/activity/decision?

See guidance note above.

6.24 Can you be sure that the TPS data you have included is:

a) **Complete/nothing omitted from the detail?**

It may be helpful to ask each cost centre, department head or business unit leader to have a quick check of the time plan for activities and changes within their own sphere of responsibility.

© 2014 Wolters Kluwer Hong Kong Limited

Being involved in their functional role(s) on a day-to-day basis they will be most familiar with timelines. Also, as they are the ones who will be charged with delivering the relevant output as part of the implementation phase, they should be more aware of the challenges and likely concurrent delays.

b) **Accurate and reliable?**

Whilst the BPR Planning phase can begin at any time and work can be completed over an acceptable time frame, the detailed redesign phase must be carefully scheduled. Redesign involves several weeks of work, full time, by all BPR team members, followed by intensive testing to ensure it delivers only the expected outcome improvements.

Implementation of BPR processes is often staggered by some organizations as the resources required to design, test, launch and fully embed redesigned/new processes is significant. Major elements may take months to fully integrate, especially where resource availability is limited.

Also, the timeline for technology upgrades to support new processes can vary along with resources available and the complexity of technological changes upon the overall holistic system.

c) **Easily understood by all who will need to follow the TPS?**

This has been explained in a previous guidance note.

6.25 Have you identified all the obvious risks – direct & indirect?

Research has shown that well-designed risk management plans can decrease problems encountered on a project by as much as 90%. Combined with a world-class project management methodology, a sound risk management process plays an essential part in minimizing unexpected project risks.

The RA [Risk Assessment] process is a key element in the BPR project and must have complete care paid to the issues that need to be brought out into the open. Covering matters up or deliberately overlooking challenges is to be avoided at all costs. Any risk or threat should be clarified then carefully deconstructed to determine its root cause and the necessary action.

6.26 Have you identified all the less obvious risks – direct & indirect – making sure that you haven't dismissed them without being absolutely sure?

See previous guidance note.

6.27 Have you fully documented all risks – including the extremely unlikely ones – and worked out a priority rating?

The Risk Register [sometimes called a risk log] is essential as it records identified risks, their gravity and the mitigating actions steps necessary. Whilst software systems are available for complex or large organizations, the RR can be a simple document, spreadsheet, or a database system, often most effective as in tabular format. A table presents large quantities of information in an easy to read style and is able to be completed within just a few pages.

http://www.pbookshop.com