The Eighth IRCA International Forum

Managing through recession

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Making the most of management systems in a recession

- Use agile business processes
- Manage intellectual property
- Solve problems effectively

Why do we expect from agile business processes?

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- Deliver results and enable effective management of risk
- Quick to design
- Quick to change
- Low on instruction
- High dependency on competency
- Strong networks (partnering and supply)
- Flexibility
- Easy to understand

The 6 steps of business process design

1 Identify primary business processes and secondary processes

2 Prepare process specification

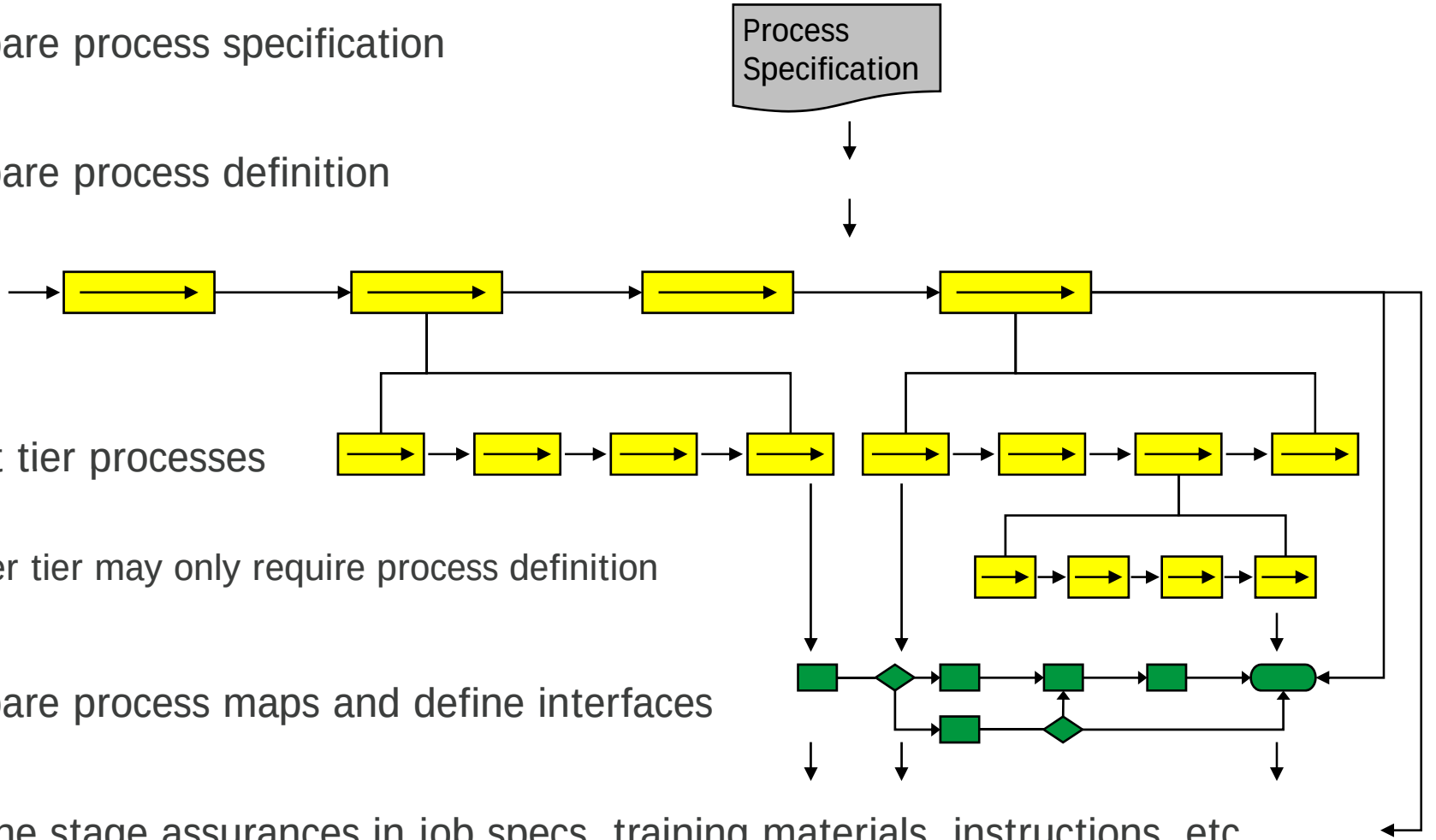
3 Prepare process definition

4 Next tier processes

Lower tier may only require process definition

5 Prepare process maps and define interfaces

6 Define stage assurances in job specs, training materials, instructions, etc



How do we define business processes?

Primary business processes are the clearly identifiable chains of recurrent activities with a planned outcome that extend across an organisation and through which inputs are transformed into outputs, of a defined quality, cost and delivery schedule for external customers

How do we identify our business processes?

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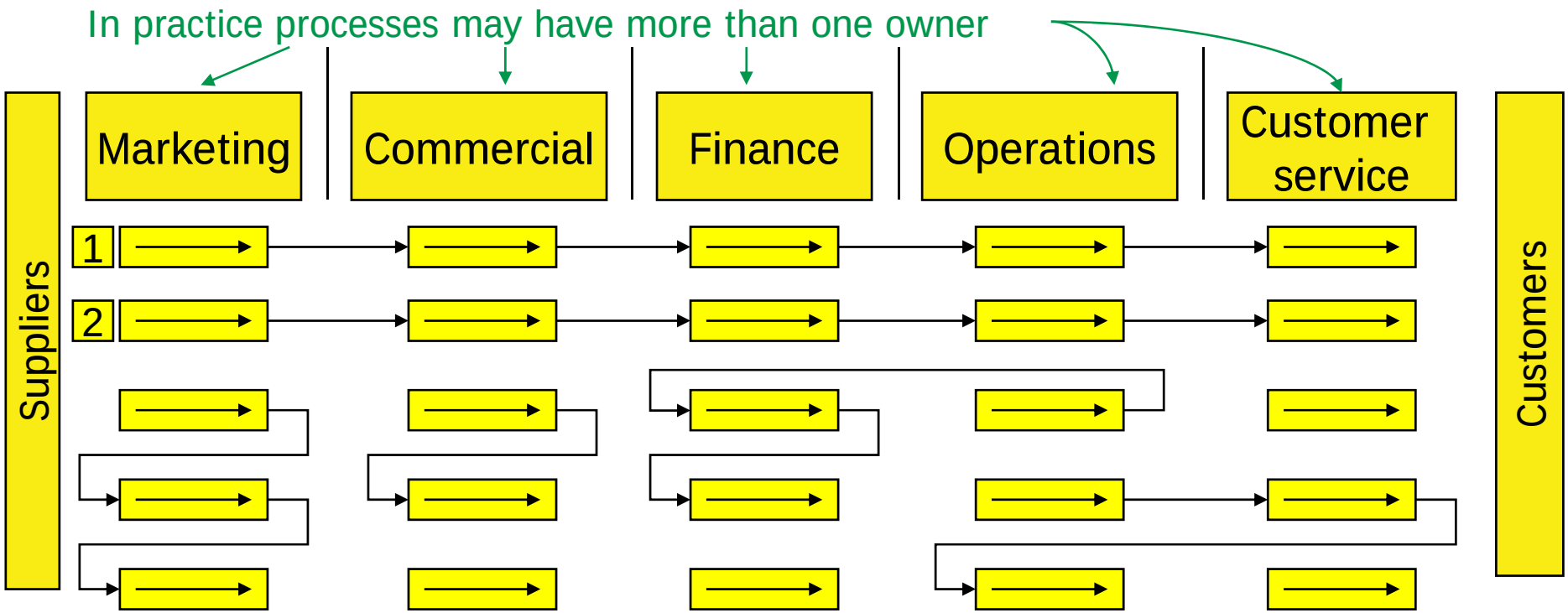
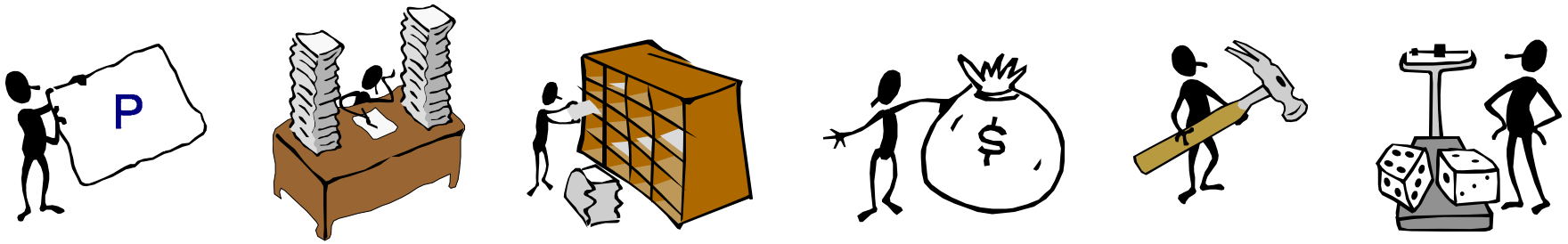
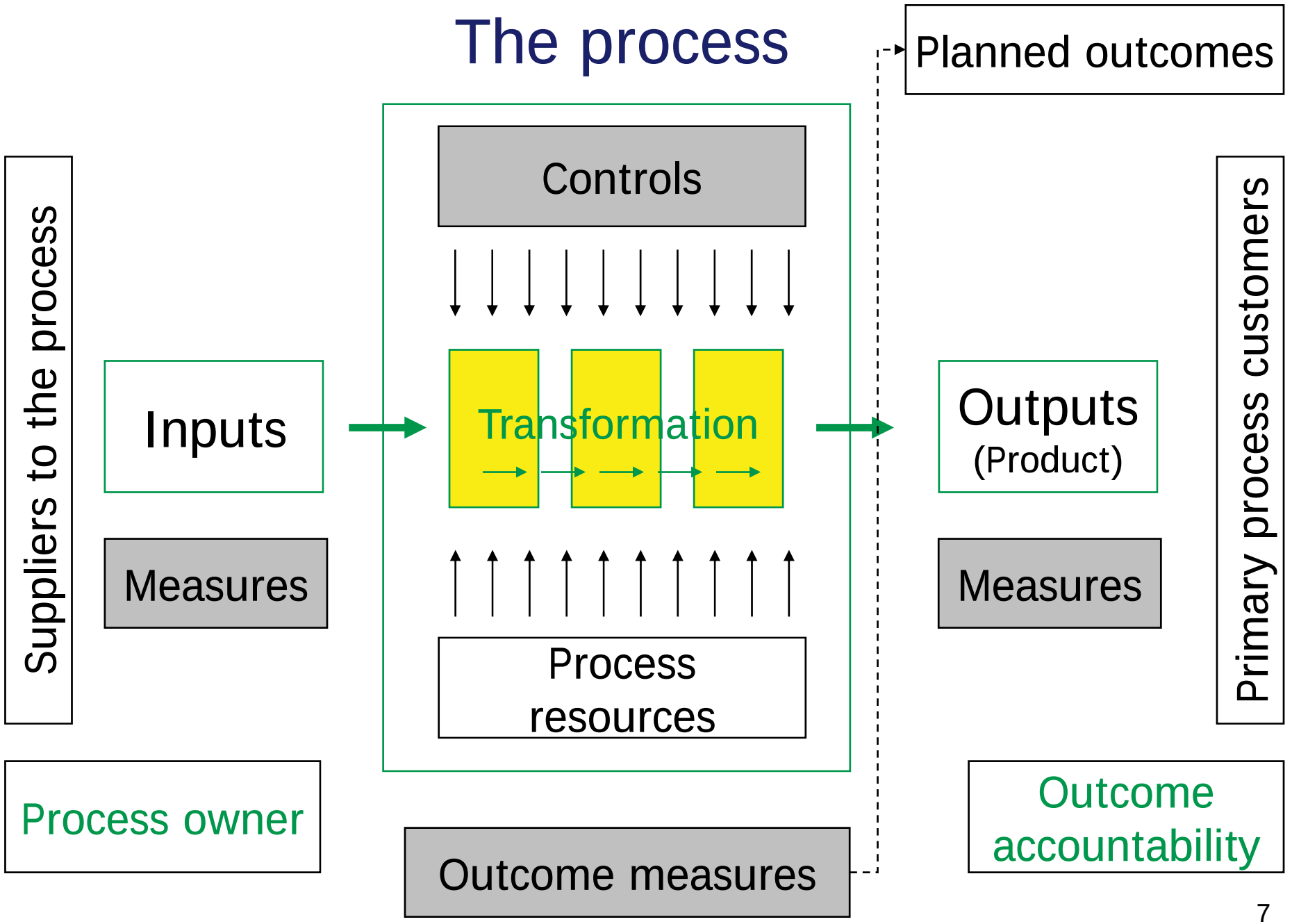
- Start by identifying our categories of customers
- Consider what we deliver to them (products/services)
- Determine the process that deliver (primary)
- Identify the secondary or support services
- Determine the processes that deliver them

Purpose, Objectives, Goals



Processes supported by competencies and capable resources




The process
Planned outcomes
Controls
Suppliers to the process
Inputs
Transformation
Outputs
(Product)
Primary process customers
Measures
Measures
Process resources
Process owner
Outcome measures
Outcome accountability

The process specification

Primary customers

Process owner

Process outcome

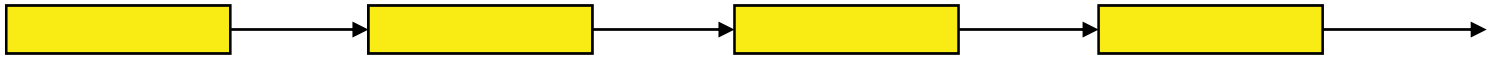
Process outcome measures

Outcome accountability

Process input measures
Process output measures
In-process/stage measures

Documents relevant to the process

Stages:



Assets relevant to the process

Asset accountability

The process resources
Infrastructure:
Work environment:
Personnel:

Requirements for the process product
Statutory & regulatory:
Customer specified:
Not stated but necessary:

Product purchased for the process

Process records

Why do we measure process?

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- To acquire knowledge
- We acquire knowledge to
  - improve the process and
  - determine that the process is performing satisfactorily
- To account for performance

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What do we measure?

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Measure what is important to the customer

- Time from imitating enquiry to receipt of product or service
- Accuracy (quality) of product or service
- Being kept informed (of delivery schedule, problems, changes)
- Customer satisfaction

Measure what is important to the process owner

- Value demand (volume and nature)
- Process capability and process capacity
- Requirements captured and cascaded throughout supply chain
- Failure demand (effect on process – opportunity to improve)

What do we measure?

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Measure what is important to employees

- Employee satisfaction

Measure what is important to other stakeholders

- Return on investment; environment; social responsibility

Why use process specification?

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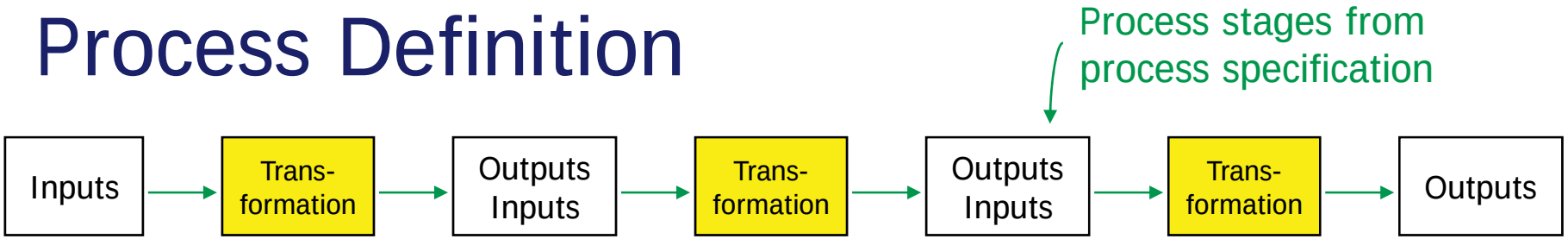
1. Provides a **structured way** to think about and specify your process.
2. Ensures that all aspects of the process have been thought about.
3. Ensures that **primary customers** and their **needs** have been identified.
4. Ensures that a decision has been taken on whether to monitor or measure the process has been taken
5. Ensures that the correct **process measures** have been identified.
6. It is the basis from which **process definition** can be developed.

Process Definition



To ensure accuracy of output from each stage of the process we prepare:

Defined requirements

Who is **responsible**?

What is **required** to be achieved?

What is the **result** or evidence?

Assurance of stage delivery,

based on stage risk

Should a **competency** be specified**?**

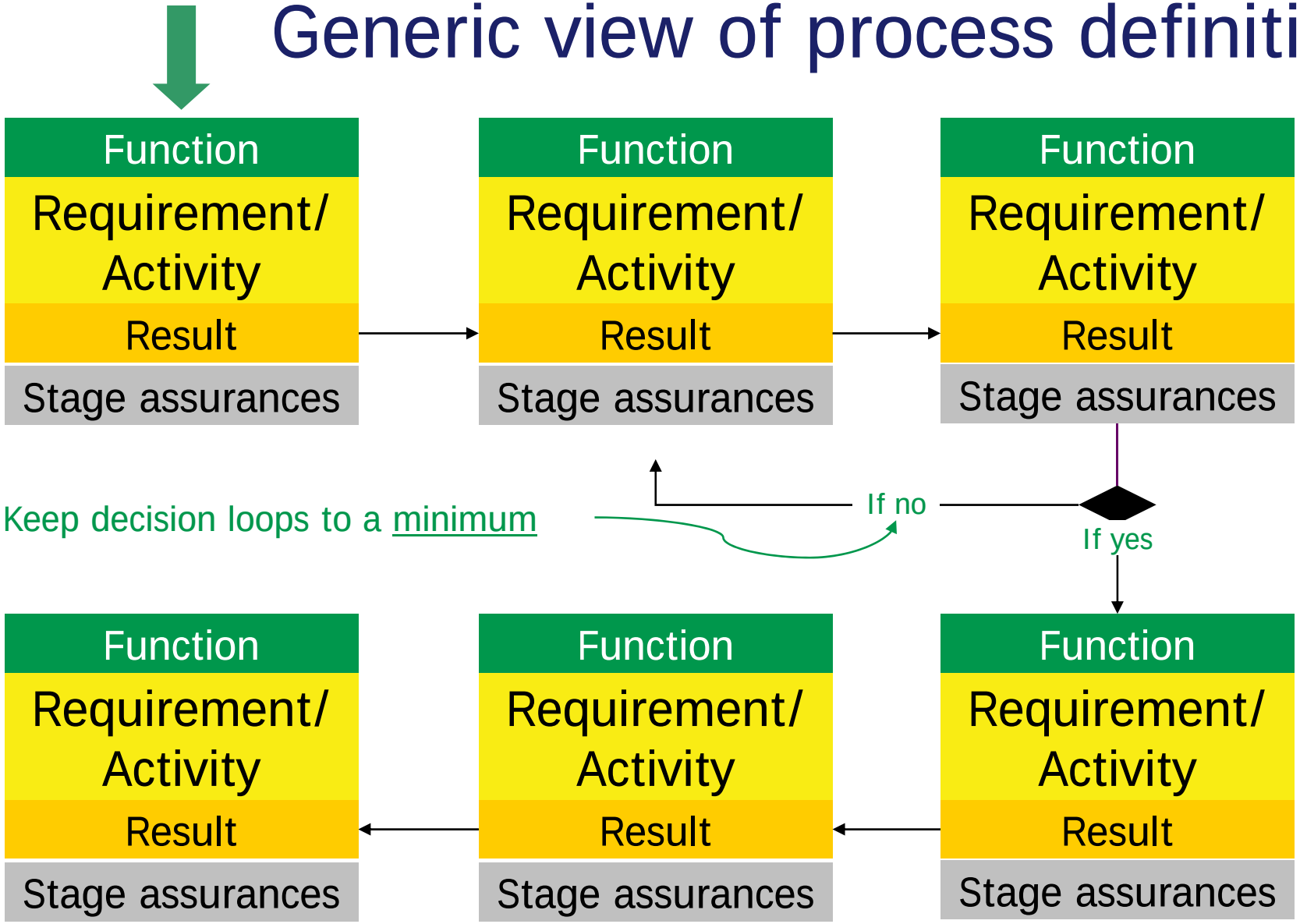
Are **instructions** required**?**

Should **training** be specified**?**

Is a **self-check** needed**?**

Is **calibrated equipment** required**?**

Generic view of process definition



Stage assurances:
Competence; stage specific training; instruction; self check; calibrated equipment

Why use process definition?

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1. Provides a simple **clear view of a process** that relates to the physical process as it exists, setting out the stages.
2. Ensures that **stage assurance** has been addressed.
3. Logical and **structured approach to designing** a business process.
4. Creates **ownership** of process by process owner - easily understood.
5. It is the basis for a **structured approach to improving process performance.**
6. It can be used for **problem solving**.
7. It is the basis from which **process maps** can be developed.

Remember when developing process definition, set out the process as it is now and do not include improvements

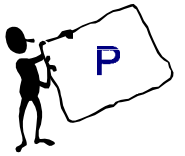
Process definition is usually not a published document

Knowledge risk management

- Review each stage for key corporate knowledge
- Identify key corporate knowledge
- Identify high risks
- Determine how to capture this knowledge (database, instruction, record, training programme, across teams, with suppliers)
- Capture knowledge, implement knowledge management (ownership, change control, authorisation, distribution, backup, update, retention, control of access)

Problem solving - finding the root cause

01. Define / specify the problem using Kepner Tregoe technique



02. Collect data / assign priority ranking using bar charts, histograms, run charts / Kepner Tregoe technique

03. Identify possible root causes using cause and effect analysis, why why [5 whys]

04. Investigate at point of problem using task analysis

05. Agree most likely root cause(s) using analytical discussion,

06. Validate most likely root cause(s) simulation, analytical

Define problem in terms of		Is	Is not
What	is the deviation from specified/planned		
	on what was deviation observed		
Where	on object/activity was it observed		
	where are objects/activities with deviation		
When	in the process does deviation appear		
	in time is deviation observed		
Extent	how severe is deviation		
	many items are affected		

Reference: The Rational Manager CH Kepner, BB Tregoe

Prioritise the problems

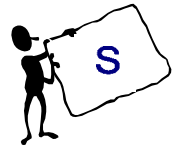
Prioritised by determining answers to the following questions:

- How urgent is the problem?
- How serious is the problem? (What is the impact?)
- What is the trend?

Questions ‘whose priority?’

Developing the optimum solution

07. State objectives and indicate priorities using Kepner Tregoe



08. Develop potential solutions using ‘how how’ diagrams

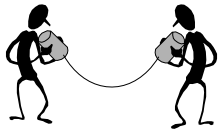
09. Estimate cost of potential solutions using own procedure

10. Assess risks & impact associated with solutions - FMECA

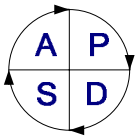
11. Decide on the optimum solution - risk-based decision-making

12. Trial the solution

13. Asses the resistance and implement solution



14. Monitor results and follow-up



Define objectives for the solution in terms of

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- What needs to be achieved or changed
- Where it needs to be achieved or changed
- When it needs to be achieved or changed
- The extent to which it needs to be achieved or changed
- Separating the 'essential or musts' from the 'desirables or wants'
- What are the resource limits that will constrain the proposed course of action?

Reference: The Rational Manager CH Kepner, BB Tregoe

Defining objectives for the solution

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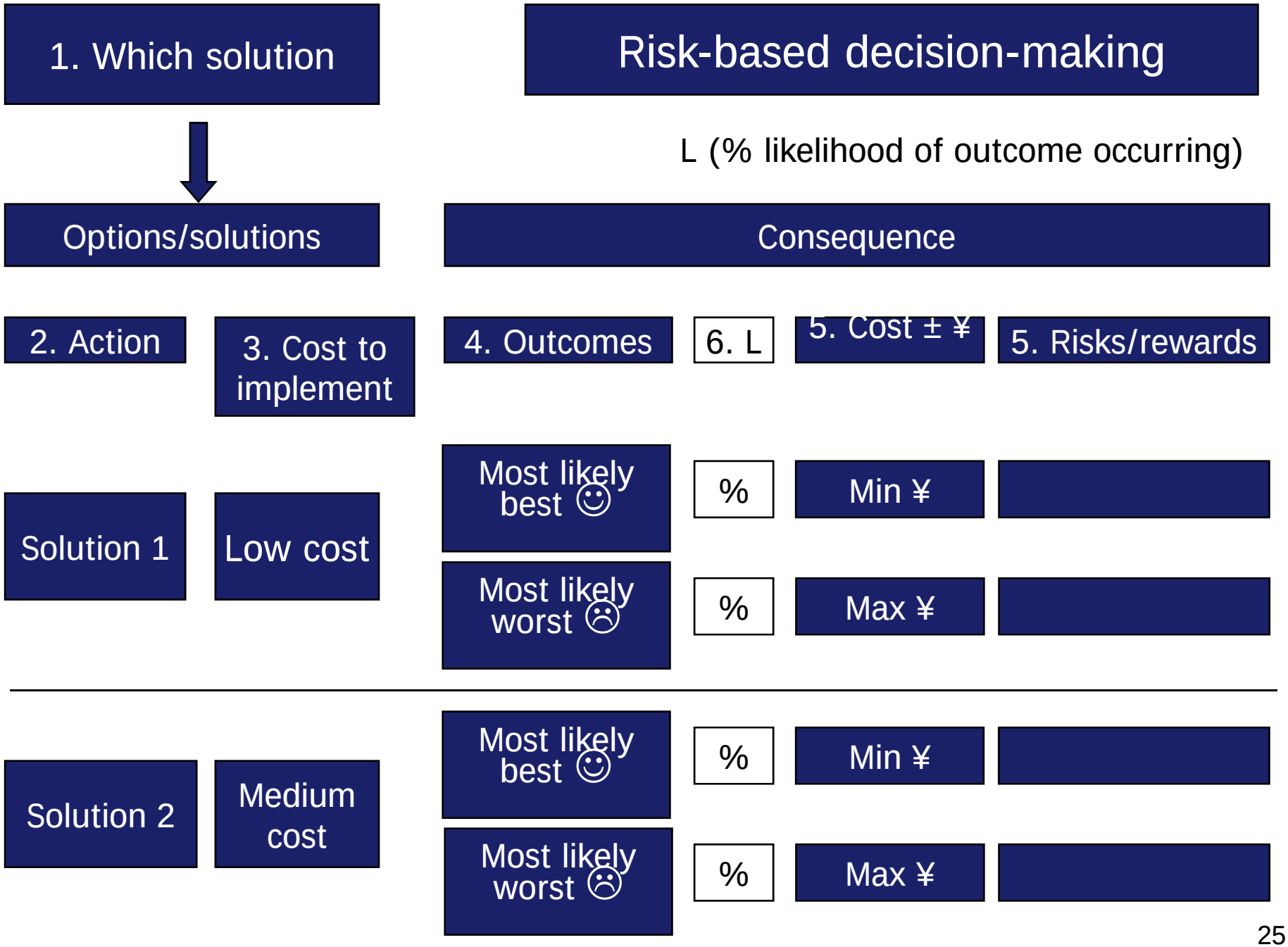
Some generic objectives for the solution:

1. Correct the problem or the effect of the problem (correction)
2. Eliminate the root cause of the problem
3. Prevent reoccurrence of the problem (corrective action)
4. Rectify impact of problem (usually impact on customers)
5. Share the problem with other parts of the organisation
6. Share the solution in same way
7. Must be cost effective and address risks associate with solution

Risk-based decision-making

Risk-based decision-making will:

- Ensure that the optimum solution is identified
- Provides evidence for additional resources
- Provides a record of the thought process


1. Which solution
Risk-based decision-making
L (% likelihood of outcome occurring)
Options/solutions
Consequence
2. Action
3. Cost to implement
4. Outcomes
6. L
5. Cost ± ¥
5. Risks/rewards
Solution 1
Low cost
Most likely best ☺
%
Min ¥
Most likely worst ☹
%
Max ¥
Solution 2
Medium cost
Most likely best ☺
%
Min ¥
Most likely worst ☹
%
Max ¥

Risk-based decision-making

1. Which solution

L (% likelihood of outcome occurring)

Options/solutions		Consequence			
2. Action	3. Cost to implement	4. Outcomes	6. L	5. Cost ± ¥	5. Risks/rewards
Solution 1	50 K ¥	Most likely best ☺	20%	- 20 K ¥	
		Most likely worst ☹	80%	- 200 K ¥	
Solution 2	150 K ¥	Most likely best ☺	70%	+50 K ¥	
		Most likely worst ☹	30%	-40 K ¥	

Risk-based decision-making

1. Which solution

L (% likelihood of outcome occurring)

Options/solutions		Consequence			
2. Action	3. Cost to implement	4. Outcomes	6. L	5. Cost ± ¥	5. Risks/rewards
Solution 1	50 K ¥	Most likely best ☺	80%	- 20 K ¥	
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Solution 2	150 K ¥	Most likely best ☺	50%	+50 K ¥	
		Most likely worst ☹	50%	-40 K ¥	

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Conclusion

- Using agile business processes
- Managing intellectual property effectively
- Solving problems in a structured way

will help us to survive in difficult times

Thank you

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Key training courses:

- Process Design and Performance Improvement
- Problem solving through root cause analysis