



**EasyPMO**

— Project Management Office —



# Connecting Practice To Process

[www.teamframe.com](http://www.teamframe.com)

# Connecting Practice To Process

*Driving toward optimal  
practice across an enterprise*

[teamframe.com](http://teamframe.com)

"For the past several years, Gartner has reported that business process improvement is a top three management issue."

It makes sense; businesses first devolved from hierarchical command and control entities into aggregations of discreet units built around functional tasks in a process called business process re-engineering.

Then business looked to each of these units to operate competitively, often benchmarking individual 'profit centre's' against an industry index of some kind.

Each business unit therefore had to build its own internal systems and processes to become competitive in providing a service to its client – its host business.

In some cases these units were encouraged to work within overarching organisational guidelines in regard to technology, human resource management and approach to process.

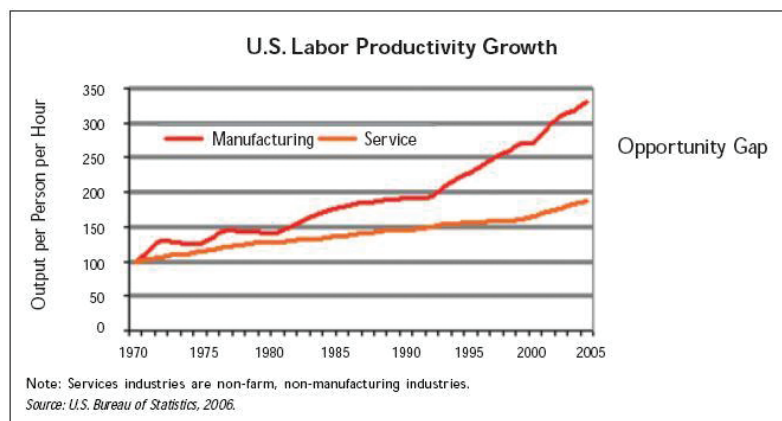
In other cases such overarching discipline was positively discouraged; the theory being that maximum efficiency was best achieved by opening up each business unit to full competitive pressure.

One outcome was the development of islands of efficiency. The manufacturing plant might be highly efficient and competitive just like the telesales team. This begs the question of how efficient communication is between the two?

Likewise, a bank may have highly efficient customer service centres, and a highly efficient banking transaction engine, but customer service has to run four different IT systems to access back office data.

Business Process Improvement is therefore increasingly important and represents a shift in thinking. Where the primary focus has in the past been on the internal efficiencies of discreet business units, the focus is now shifting to the end game of delivering a set of outcomes to stakeholders such as customers, shareholders and employees.

By Maarten Tentij and Chris Moriarty



## Practice and Process

Of course process is not new. Another recent business trend has been quality control, coupled with ISO Quality Certification and the idea of Best Practice. This trend has led to countless reams of paper being dedicated to the carriage of weighty process manuals.

ISO Quality Certification is essentially a process designed to monitor processes.

However, these processes typically are efforts to document existing practice. The resulting texts are often so unwieldy as to defy analysis. Folders full of carefully documented processes are only opened for an audit or an annual review; in which the main question asked is: "Do we still do it this way in practice?"

More ambitious organisations may attempt to design an optimal process independent of existing practice, starting with a blank whiteboard. However, implementing a new process can be difficult, and the discipline of Change Management has emerged to help migrate from one process to another.

The challenge is self-evident. Documenting existing practice, and labelling it process, results in large unwieldy process documents. Developing ideal processes via a theoretical method can result in complex change management issues that may or may not lead to any efficiency or productivity benefits.

## End-to-End Process Rewards

Enterprise-wide process management is more an issue in the services sector than is the case for manufacturing. There is evidence that suggests manufacturing enterprises are far ahead of their services-based counterparts when it comes to productivity gains precisely because they are process-oriented.

Booz Allen Hamilton manipulation of U.S. Bureau of Labour statistics in late 2004 shows that productivity growth in the manufacturing sector has been sustained at a rate more than double that of the services sector since from 1970 to the present day. The rate of manufacturing improvement is accelerating while services businesses are stalling.

It is true there are many possible explanations for the productivity improvements enjoyed by manufacturing over those enjoyed in services. However, access to new technology is not one of them. Since 1970, the great tide of technological gains have been made against the very administrative tasks central to the services sector; think banking, accounting and clerical administration.

Strategists Booz Allen Hamilton speculates that one key difference is that manufacturing has taken a more end-to-end approach to applying process discipline. By adopting disciplines such as Just In Time (JIT), manufacturers connect front line sales teams, manufacturing operations teams and supplier management teams through all encompassing processes. Supply Chain Management has extended this approach, creating overarching processes that run several enterprises deep.

It could be that manufacturing benefits from a much deeper legacy rooted in the discipline of managing processes; the supply chain management strategies of Standard Oil and the production line of the Ford Motor Company.

Or is it that services business are in some way more complex than manufacturing businesses, driven by ad hoc processes that are by nature more difficult to define and tie down?

There is some irony here. Many services business may resist the concept of processes in that they feel such processes may restrict their responsiveness, whereas manufacturers have found that the adoption of strong process discipline leads to an ability to be increasingly responsive and adaptive to customer needs.

Is there an approach that would enable services based businesses to achieve a level of process efficiency in practice, delivering productivity benefits to match those enjoyed by manufacturers, and allowing them to continue to offer their clients responsive levels of service?

## The Optimal Practice Model

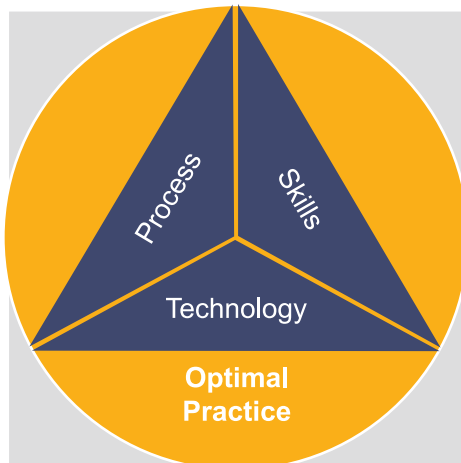
It has been established that what organisations seek is not so much process but rather practice; it is all about results in the real world here and now.

Process is a means to an end.

Process is clearly one key element in arriving at optimal practice; but there are more. An organisation requires the skills to perform the constituent parts of any process, plus access to technologies that enable and enhance performance.

Process, skills and technology all must work together in order for an organisation to be able to approach a level of optimal practice.

If any one of these three elements is lacking, it will have a major impact on the efficiency and productivity of the organisation.



## Optimal Practice & Best Practice

Optimal practice is distinct from best practice in two ways.

Optimal practice is coined as a term that is driven by the sole objective of achieving an ideal level of enterprise-wide productivity. As already explored, it is possible that many business units each function against best practice benchmarks; however the whole organisation in some way underperforms due to weaknesses in overarching enterprise processes.

Second, best practice is often defined in terms of achieving an industry benchmark (or series of benchmarks) of one kind or another. This is a good and sound idea. However, just because an organisation achieves a level of practice on par with the current best practice does not mean it has arrived at a level of optimal practice.

True, best practice includes the implementation of a process of continuous improvement. Optimal practice is therefore the name given to the ideal that continuous improvement programs are designed to pursue.

## Practice without Process

At a simplistic level, any practice with no process in place will be undisciplined or even chaotic. This holds true for big picture issues such as the role of law in society, down to the importance of providing routine to a young child.

In the business world there are prosaic but profound implications in regard to process and efficiency. Manufacturers are increasingly aware of the power of process when applied to modular design to provide flexible options for customers.

An oft-quoted example is Boeing's production line for 777 aircraft. Here the complicated task of building a commercial airliner is reduced to a manageable process capable of delivering the many variations required by customers.

By understanding the production process, Boeing is able to clearly identify exactly those components of the process that must change in order to offer a choice in regard to a particular aspect of the finished product. Boeing is then easily able to build an alternate process, a module, which effects the change.

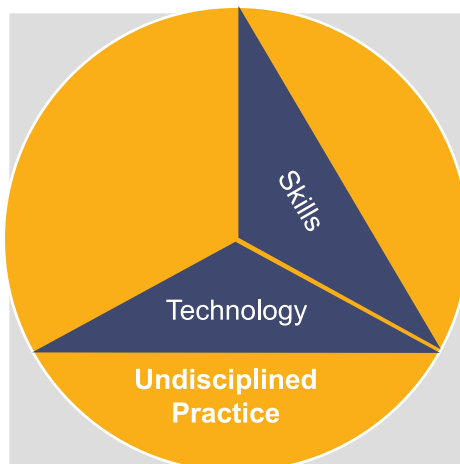
Alternately, Boeing could approach each aircraft as a custom-build project, exactly meeting the precise requirements of its customers.

However the cost would be exponentially greater. Logically, it boils down to the Pareto Principle; the 80/20 rule. Boeing's process finds the most efficient way to produce the aircraft that will satisfy 80% of its prospective customers. It then uses process modules to offer levels of choice to capture different slices of the remaining 20%.

Boeing can therefore be precise. It can calculate the cost of adding a module against the increase in market share that choice might give it.

Note that Boeing can only do this if its enterprise processes include more than just manufacturing, reaching out to include sales and customer service. Sales, manufacturing and customer service all become one single integrated process.

Computer hardware company Dell has shown that such discipline is possible in regard to services businesses. Dell has defined processes that manage its entire after sales service effort. While a major undertaking, the return has been significant. Dell reports that 80% of all issues are now dealt with on the first phone call. Further, Dell has cut its annual after sales budget by more than US\$1 billion\*, significant when you consider that Dell's entire operations budget is around US\$5 billion\*.



## Practice without Skills

No matter how good your processes are, without the relevant skills you are unable to achieve optimal performance.

This runs contrary to popular image of process expressed in Charlie Chaplin's classic *Modern Times* where workers become drones or automatons.

Optimal practice is not the unthinking repetition of a simple task. If a process calls for such practice, it is not optimal. Optimal practice requires flexibility bounded by process.

## Accessing External Skills

Optimal practice calls for the application of the most relevant set of skills for each task. By deploying the best skills possible, you gain the triple efficiencies of:

- having the task completed in an efficient manner,
- gaining feedback for your continuous improvement processes, and
- the ability to disassemble and articulate the micro steps inside each task.

This is an exact fit with the arguments for outsourced business services. The most appropriately skilled resources might be found outside your organisation.

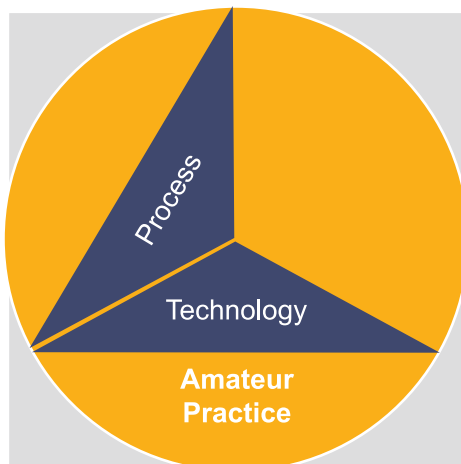
A major telecommunications client of TeamFrame deploys sub-contractors to install and extend network infrastructure for its clients around Australia. Aside from a sub-contractor's technical skills, many have local-knowledge gained from installing modules for other telecommunications companies in their area.

Clearly, sub-contractors are the optimal choice for performing this task. But there are complexities. What if a sub-contractor breaks a leg, or an electrical storm delays them by a day, or already installed hardware fails when they are busy? There is a risk that process and practice can come into open conflict.

Complex environments like this can perform at an optimal level if you treat the management of risk as a subset of your processes that underpin your practice. In fact, successful risk-management is a saleable competitive advantage.

Optimal Practice is about performing at the highest level possible. The possible includes all the variation that our environment throws at us.

Optimal Practice is not how fast you run in perfect conditions, it is how fast you run in the prevailing conditions and how often you achieve your maximum.



## Practice without Technology

The third piece of the Optimal Practice puzzle is technology.

At its most basic level, technology is the stick that an ape uses to break up termite mounds and scoop out juicy bugs. Language is a technology as are all the tools of our trade. Information technology is one subset of this broad and important category.

The purpose of technology is to enable us to achieve an outcome that otherwise would be beyond us; technology is our enabler.

There can be little doubt that since its emergence as a technology class in the latter half of WW2, information technology has been a driver of enormous change throughout all levels of society. In particular, IT has been focused on driving efficiency gains in administrative and services style tasks.

IT was initially applied against specific tasks, such as breaking a code or performing basic financial calculations.

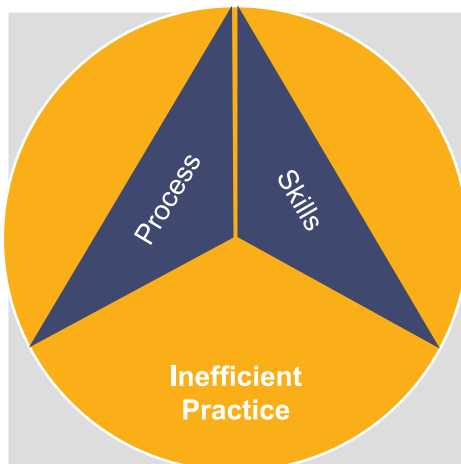
However, IT then moved to define itself against skills-focused productivity tools called applications; applications for writers and administrators (word processors), number crunching and modelling disciplines (spreadsheets), designers (CAD and design packages), librarians and archivists (databases) have all emerged.

The definition of the IT industry around applications mirrors the practice of defining businesses around discreet units also defined by skill sets. Whether the emergence of skills-focused applications drove business process re-engineering revolution, or vice-versa is beyond the scope of this paper. Regardless, the result has been the entrenchment of the islands of efficiency, the business units, which are the legacy of the business process re-engineering craze.

However, as explored throughout this document, the fact that any single step, or even each single step, in a process is efficient does not mean that the whole organisation is performing at a level of Optimal Practice.

By deploying IT focused on business units rather than end-to-end process, we make technology choices limiting the potential of our organisation.

The same argument holds true when considering the decision to provide quality tools to a tradesman, or build great infrastructure for a coal-mine, or even introduce the best blood lines into our Thoroughbred stock.



## Connecting Practice To Process...

We have explored the differences between process and practice including the difficulties in translating process into practice and vice versa.

But despite the difficulties inherent in bringing process and practice together, we have seen that the rewards of success can be significant. To do this we have looked at manufacturing, where process-oriented practice is well entrenched.

In the US, manufacturers have seen their productivity consistently grow at more than double that of the services industry for more than 35 years.

In looking at manufacturing, we have seen that the most successful companies deploy end-to-end, whole-of-enterprise processes and that they benefit by being able to implement Just-In-Time strategies to offer flexibility to their customers.

Some manufacturers go deeper and use supply chain management to manage processes that include separate enterprises up and down their supply chain.

We have introduced the Optimal Practice model and then used the model to provide a fresh perspective on the issue of achieving Optimal Practice, with the three key ingredients being process, skills and resources.

Finally, we have identified Information Technology as being a key resource for the services sector.

### ... in the Services Sector

It is clear that the services sector has the same access to the required skills that manufacturing does in its own sector.

Also clear is that both industries have access to the same knowledgebase in regard to process design and implementation. Banking executives sit next to manufacturing executives in MBA classes around the world.

But services businesses still fall behind their manufacturing counterparts in regard to the adoption of enterprise process implementation and practice.

Even highly process-oriented services businesses, such as banks, have this problem. It is a not uncommon sight to see up to two computer screens in front of bank tellers to enable them to serve all the needs of clients; and still they frequently resort to using the phone in order to complete a transaction.

Using the Optimal Practice model, it would appear that technology is the key area where services businesses break down.

We know that service organisations include many islands of efficiency. It is not these business units that are at fault. Rather, the break-down appears to take place in the linking mechanisms; not just from one business unit to another, but from one end of the business to the other.

In order for a business to achieve Optimal Practice, it needs to put in place strong, interdepartmental, enterprise-wide process management systems.

The challenge is that the complexity and scope of variables grows exponentially the broader the coverage of the processes.

Here is the nub for the leaders of services organisations seeking to put just this style of enterprise process in place; how to put a sustainable, dynamic, flexible system in place that will tolerate exception and not compromise a commitment to responsive customer service.

An emerging class of technology tools seek to combine the disciplines of knowledge, project and document management with the process orientation of workflow management and the collaborative glue of a communications platform that provides end-to-end visibility of existing practice, and the status of current projects. Led by products such as TeamFrame these tools focus on managing variables and consolidating current information.

In developing and coding an initial process, many variables are identified. Some represent constraints on overall process efficiency. By analysing the way your variables interact, and adapting your processes accordingly, it is possible to put in place an efficient, sustainable, flexible end-to-end enterprise process that connects islands of activity in a coherent manner.

Optimal Practice is about your performance in prevailing conditions. By understanding, analysing and then managing your variables, you gain a better understanding on what your prevailing conditions are.

The current C-level focus on business process improvement, as revealed by Gartner, shows that linking all these islands is exactly what organisations seek.

It is no surprise that the IT industry is moving to mirror the business focus on enterprise process improvement. Technologies around enterprise workflow, portals, the Internet, document and records management and assembly are all steps in linking these islands of efficiency.

[www.teamframe.com](http://www.teamframe.com)

**Easy PMO**

[info@teamframe.com](mailto:info@teamframe.com)