

Linking Business Strategy to Process Improvement Initiatives

By Solutions Hosting, Inc. – Spring 2006

Improving Processes Drives Business Value

Controlling costs, improving quality and increasing efficiency and productivity are some of the reasons companies focus significant quality improvement efforts on business processes.

Process Improvement is one of the few factors totally in control of a company. Pricing can't always be controlled, neither can supply and demand. But, processes can be controlled, and improved, and good processes deliver huge benefits to any company. We all know this.

Process improvement, to be most effective, must be about more than simply mapping the process, however. It must link to Business Strategy in some way.

But, how do you choose which processes to improve and how do you link, monitor and control those improvements?

That is the subject of this paper.

Begin with Business Strategy

According to the Balanced Scorecard methodology, there are four Perspectives important to most companies:

- Finance
- Customers
- Operations
- People

This is just one Framework companies can use to identify what activities or initiatives can most impact different areas of the business. There are other methods, the important point is that a Framework lends organization, communication and thoroughness to the Strategy Planning process.

No particular Strategic Planning Framework is preferred here, although we are certified by the Balanced Scorecard Collaborative.

Now, we begin the linking process as perspectives, goals and specific performance criteria are documented in our QPR Scorecard solution as a Strategy Map.

Identify Processes for Improvement Opportunities

The amount of analysis a company needs to do to define an adequate portfolio of process improvement opportunities varies greatly.

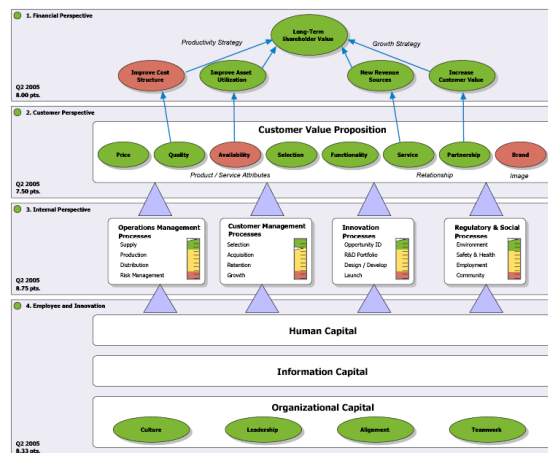
Smaller companies can probably zero in on several high-value opportunities quickly. Larger companies typically take a more formal analysis, which can be done within our Solutions.

Note that it's important, as improvement opportunities are identified, to determine which Strategic goal is supported and the measurable contribution towards the goal.

For example, a "materials receiving inspection will result in 5% quality improvement."

The main point here is to identify sufficient savings in improvement opportunities to meet the criteria for the stated Strategic goal(s).

We can now configure the Scorecard Monitoring Solution with improvement opportunities and link the performance criteria to the Strategy Map in order to track performance improvement against Strategy.



Strategy Mapping in QPR

Within your chosen Framework, it's important to broadly state your organization's goals. Strategic goals commonly include:

- Increase market share
- Improve quality
- Lower costs

Next, goals must have specific, measurable performance criteria, or "standards," by which to measure success. For example, "improve quality by 25%" or "lower costs by 3%".

Implementing Strategic Process Improvements

It's common, at this point, to apply some Portfolio Theory to the list of improvement opportunities. That is you can categorize, rank and select for implementation according to the strategic criteria important to your company.

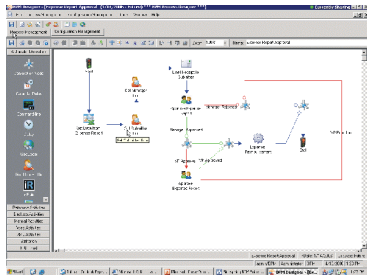
When finished, this represents our Strategic Process Improvement Plan. Now, it's time to configure SolutionsBPM.

We offer SolutionsBPM ala carte allowing companies to transition to a complete Business Performance Management solution according to their needs and in their timeframe.

Because our Scorecard Monitoring and our Workflow Execution systems are integrated, the "planned for" performance improvements are translated to performance metrics that are monitored in real-time to report actual process performance.

This real-time data is important feedback, also called "round tripping," to the Process Improvement Lifecycle, (aka Process Mapping, Process Design, Process Execution and Process Monitoring).

More about how SolutionsBPM components support your Strategic Process Improvement Plan.



Process Execution in Bluespring

Process Guide Design / Mapping

More than a stand-alone process mapping tool, Process Guide is a web-based application, available via a browser, that can be used to map processes, simulate changes to processes, then implement the redesigned processes.

The new process design is tested thoroughly and performance targets are identified in advance of any physical changes to the process.

PG also links to Scorecard, which links to Strategy Map for tracking performance against plan.

Bluespring Process Execution

Bluespring commits users to new processes by automating process execution, including:

- activities,
- handoffs,
- roles,
- responsibilities,
- business rules, and
- deliverables.

Bluespring, thus, ensures tasks are completed in sequence and user touchpoints between process steps are properly managed.

All process steps in Bluespring must be completed as defined by the design before the business transaction can complete.

Bluespring also feeds real-time Process Execution information to Scorecard for tracking

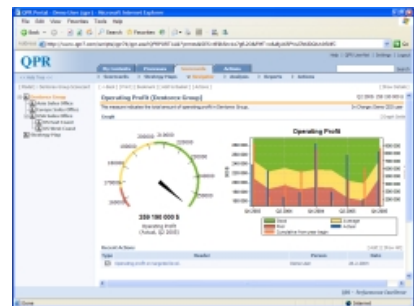


process improvement performance, actual vs. plan, as the process is actually running.

Scorecard Monitoring

One of the significant issues in Process Improvement is how to Control the Improvements, or put another way, protect the benefits.

Scorecard ensures benefits are realized and sustained through continuous monitoring of results and alerting of appropriate parties to sub-par performance.



Process Monitoring in QPR

As business transactions flow through the Bluespring Workflow Engine, our Scorecard tool collects actual performance information and reports the improvement against plan. Any deviation from plan can be reported so corrective action can be taken.

SolutionsBPM, through Scorecard, Bluespring, and Process Guide, link your Strategic Process Improvement Plan to Business Strategy and Monitor Performance

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