THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE PUBLIC SERVICE MANAGEMENT

Business Process Improvement Guide

JANUARY, 2013

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Contents

How This Guidebook Should be Used

This Guide Book advocates a simplified approach to Business Process Improvement (BPI) for MDAs. The objective is to provide a simple way by which MDAs are able to carry out BPI with minimal assistance from PO-PSM facilitators or external consultants. The approach is sufficient for MDAs to realize cycle time improvement and possibly cost reduction in public service delivery at the current stage of development of the Tanzanian public service. More complex approaches, involving varying degrees of statistical analysis, may be deployed at a more matured stage.

Being the "simplified" approach, the Guide Book is designed to be simple as well, with clear and simple explanations to help MDAs with BPI. BPI Team members and facilitators are required only to refer to the first two chapters to be able to carry out BPI. The first chapter explains the steps in the Simplified BPI Approach, and the second chapter explains the step in process mapping, an essential ingredient in doing BPI.

The third and fourth chapters have been adapted from an early version of a BPR/BPI User Manual / Guide published by PO-PSM in December, 2005. These chapters are retained to provide additional reading for MDA's management team, BPI Team and POPSM facilitators. Chapter 3 discusses the motivation for BPI initiatives, while Chapter 4 discusses the Organisational Change aspects that have to be considered in implementing BPI. Therefore, the mechanics of BPI are covered in Chapters 1 and 2, and the 'soft' issues around BPI, are covered in Chapters 3 and 4.

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BPI Advisor – PO-PSM

Abbreviations

BPI	Business Process Improvement
BPR	Business Process Reengineering
CSF	Critical Success Factors
DAS	District Administrative Secretary
IPR	In-Progress Review
KPI	Key Performance Indicator
MDA	Ministries, Departments, Agencies
PAT	Project Action Team
PIT	Project Improvement Team
PO-PSM	President's Office – Public Service Management
PS	Permanent Secretary

Definition of Keywords

Activity. A named process, function, or task that occurs over time and has recognizable results. Activities combine to form business processes.

Activity Analysis. The breakdown of an MDA into manageable segments for detailed analysis regarding cost and performance.

Activity-Based Costing. A form of cost accounting that focuses on the costs of performing specific functions (processes, activities, tasks, etc.), rather than on the costs of organisational units. Activity-based costing generates more accurate cost and performance information related to specific products and services than is available to functional managers through traditional cost accounting approaches.

Activity Model. A graphic representation of a business process that exhibits the activities that make up the business process to any desired level of detail. An activity model reveals the interactions between activities in terms of inputs and outputs while showing the controls placed on each activity and the types of resources assigned to each activity.

Activity model (AS-IS). An activity model that portrays how a business process is currently structured. It is used to establish a baseline for subsequent business process improvement actions or programmes.

Activity model (TO-BE). An activity model that results from a business process improvement/redesigned action or programme.

The TO-BE model shows how the business process will function after the improvement action is implemented.

Activity, non-value added. Any activity that provides a negative return on the investment or allocation of resources to that activity. Within broad limits, the MDA benefits by allocating less resource to non-value added activities.

Activity, value added. Any activity that contributes directly to the performance of a mission, and could not be eliminated without impairing the mission.

Benchmarking. A method of measuring your processes against those of recognized leaders. It helps establish priorities and targets leading to process improvement. It is undertaken by identifying strategies, customers, processes and costs to benchmark and their key characteristics; determining who to benchmark; collecting and analysing data from direct contact, survey, interviews, technical journals, and advertisements; determining the "best of class" from each benchmark item identified; and evaluating the process in terms of the benchmarks set and the improvement goals.

Best Business Practice. An existing management policy or tool used by government which is successful in improving a business process and recognised as being superior in its functional area.

Business Process. A collection of activities that work together to produce a defined set of products and services. All business processes in an MDA exist to fulfill the mission of the MDA. Business processes must be related in some way to strategic objectives.

Business Process Improvement. The improvement of the performance of the MDA by continuously improving the processes in an incremental manner.

Business Practice. The formal or usual way in which business, or an activity is conducted within the business.

Client/Customer. The recipient of a product or service. The client/customer can be either internal or external to a MDA.

Critical Success Factor. The limited number of areas in which satisfactory results will ensure successful competitive performance for MDAs. Critical Success Factors are few key areas where "things must go right" for the business to flourish and for manager's goal to be attained

Improvement Opportunities. Situations that can be changed to produce a more effective or more efficient process or product. Improvement opportunities may involve processes, business rules, or both.

Model. A representation of a complex, real-world phenomenon such that it can answer questions about the real-world phenomenon within some acceptable and predictable tolerance.

Non-Value Added Process or Activity. A process or activity that results in waste of resources or that can be eliminated or reduced without deterioration of service to clients/customers. For example, a corrective process or activity performed because the function initially failed to comply with customer specifications is a non-value added process or activity.

Performance Measure. An established, consistent way to measure the rate of change within a MDA. Performance measures are usually expressed in terms of time, quality and costs.

Quality. The degree of excellence possessed by a product, service, or other output of a business activity or business process (traditional definition). The Total Quality Management definition of quality is conformance to the clients/customers requirements.

Simulation. An analytical technique to prove a business practice concept by acting out or by creating the imitative representation of the proposed concept.

Target Activity Model. A graphic representation which exhibits the activities of the business process as you would like them to be upon completion of a business process improvement initiative. Also referred to as the "to be" activity model.

TO-BE Model. Models that are the result of applying improvement opportunities to the current (AS-IS) business environment (see AS-IS Model).

Value-Added Process or Activity. A process or activity that contributes to producing a designated product or service that meets client/customer requirements and that the client/customer is willing to pay for.

Chapter 1

Introduction to BPI

1.1   What is BPI?

> **Business Process Improvement:**
>
> The improvement of the performance of the MDA by continuously improving the processes in an incremental manner.
>
> **It** is a systematic approach to help any organisation make significant changes in the way it does business.

Definition of BPI

The improvement of the performance of the organisation by continuously improving the processes in an incremental manner". Business Process Improvement is a systematic approach to help any organisation make significant changes in the way it does business.

To ensure a clear understanding of the distinction between BPI and BPR, business process reengineering, the definition of BPR is stated as follows:

Definition of BPR

Reengineering is the *fundamental* rethinking and *radical* redesign

of business **processes** to achieve ***dramatic*** improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. The big difference is that BPI attempts to start from the current process and make changes to the process to reduce cycle time, costs and improve quality, whilst BPR starts the design of a process from a blank piece of paper, assuming that no process existed. An entirely new process is being designed, with the end output in mind, but starting from ground up.

Why is BPI Needed?

Objectives of BPI:

- Deliver Better Business Results
- Improve Customer Service
- Reduce Costs
- Reduce Cycle Time
- Reduce Mistakes

Business processes are improved for the purpose of :
a. Delivering better business results,
b. Improving customer service
c. Reducing business costs
d. Reducing process cycle time
e. Reducing mistakes and re-works.

The business process

Before MDAs can fully understand why and how to proceed, they must first examine the fundamental principle behind BPI. Every process or sub-process exists to provide a needed product or service for a defined client/customer. These products and services are produced within the process according to defined requirements, rules, or constraints. The process requires materials and information which are provided by suppliers and consumes the resources allocated to the process.

1.2   BPI Methodology – The Simplified Approach

The Key Steps in BPI:

Step 1 :   Define the desired business results
Step 2 :   Analyse & Map "As-Is" process

Step 3 :   Estimate "As-is" process attributes

Step 4 :   List Problem Areas and Challenges

Step 5 :   Plan & Map "To-be" process

Step 6 :   Estimate attributes of "to-be" process

Step 7 :   Trial Run

Step 8 :   Implement "To-be" process

Step 9 :   Continuous Improvement

The nine steps make up what is referred to as the Simplified BPI management process.

Step 1 : Define the desired business results

- Defining what the organisation's strategic goals and purposes are.

- Determining who the organisation's customers, or stakeholders are.

- Aligning the business processes to meet the customer's requirements

Step 1: Define the desired business results. This is often evident from the mission statements of the MDA. The MDA must be very clear what services are being delivered to their customers, and how the customers will want the services to be delivered.

- Defining what the organisation's strategic goals and purposes are –
  - o *Who are we ?*
  - o *What do we do ?, and*
  - o *Why do we do it ?*

- Determining who the organisation's customers (or stakeholders) are –
  - o *Who do we serve ?*

- Aligning the business processes to meet the customer's requirements –
  - o *How do we do it better ?*

In choosing which processes to work on, the biggest consideration is on how you can deliver the outputs or services better and faster, both to internal and external customers.

> **Step 2 : Map the "As-Is" business process**
>
> • Decompose a functional process step-by-step into activities that make up the process
>
> • Draw a multi-level diagram that corresponds to the way the work is performed.
>
> • The "deployment" flowchart method is preferred as it shows the activity or task owners clearly.

Step 2: **Map the "As-Is" process.** Process Mapping on the current "As-Is" process is essential. The "deployment" flowchart method is preferred as it shows the activity or task owners, the role players, clearly. A chapter in the later part of this manual will explain the steps in building a deployment flowchart.

The "As-Is" process map will show clearly the activities and tasks which are carried out within the process currently. Without the process map, it will be very difficult to understand the entire process flow, and hence, to improve it.

Step 3 : Estimate the "As-Is" process attributes

- How much <u>time</u> is taken ?

- Is the performance consistent ?

- How much does it costs ?

- Is the activity or task adding value ?

- Are there mistakes made ?

Step 3: Measure or estimate cost/time/quality of "As-is" process.
Analyse the functional process to eliminate non-value added activities, simplify and streamline limited value added activities, and examine all activities to identify more effective and efficient alternatives to the process. If accurate measurement of costs, time and quality are hard to come by, MDA may use best estimates to arrive at the process attributes. The most important question to ask here is: "How much time is taken to complete a task?" Other useful questions are:

a. How much is the process costing the MDA ?
b. Are there many mistakes or re-works ?
c. Are the tasks or activities adding value to the customers ?
d. Are my customers satisfied with the services provided ?

The value chain

A functional process starts with external suppliers and ends with external clients/customers. Everything in between is part of a value-chain of operations that add value to "things" coming in, transforming it into something a client/customer wants and is willing to pay for. Each operation (or activity) within the process has internal suppliers and internal clients/customers. Each activity adds value to its work-items or it is not needed and should be dispensed with. If you work behind a desk, you have an "inbasket", and an "out-basket". As you move items from the in-basket to the out-basket, hopefully you are adding value to those items, if not, why are you there?

Remember, a functional process is a collection of interrelated tasks and activities that together satisfy a business objective of an MDA.

Another way to look at a functional process is that it is a group of interrelated tasks and activities that accomplish a defined goal or mission of an MDA. By this definition, even the largest MDAs have no more than five or six functional processes. It is the improvement of these processes on a continuous basis that will allow MDAs to be able to continue to perform their mission during a time of dwindling resources.

> **TIPS FOR IDENTIFYING PROBLEMS** : These are areas where people feel there are currently major issues to be resolved, such as poor customer satisfaction, "dropping the ball," large expenses, or significant delays. Where there are many areas to choose from, try to follow the 80/20 rule: work on the 20% of the areas that cause 80% of the problems.

Step 4 : List problem areas and challenges

- Where are the constraints ?

- Are there special considerations ?

- What's making things the way they are ?

- Legal Issues ?

- Security or Safety Issues ?

Step 4: List problem areas and challenges. Around the "As-Is" processes, identify where the bottle-necks or delays are. Analyse these processes to identify root causes, with the aim of eradicating the bottle-necks and/or reducing the delays. When making the assessment, consideration must be given to issues surrounding the processes. Look out for constraints and special considerations, including political and cultural ones. Are there legal issues involved ? Why are things being done this way currently ?

TIPS FOR CHOOSING PROCESSES : You have to first decide what you want to improve. Choose a process which is time-consuming, error-prone, or critical to success; starting where there is a strong potential for improvement will build morale and help launch later BPI projects.

Step 5 : Plan and Map "To-be" process

- Activities & Tasks that can be removed

- Cycle times that can be reduced

- Procedures that can be simplified

- Forms that can be simplified

- Computerisation

- Use of technology

Step 5: **Plan "To-be " process.** Map out the "To-be" processes, again through a deployment flow-chart. Improvement in processes maybe realized through streamlining and removing non-value-adding activities, and also through the introduction of ICT. Start with the non-ICT ones, and move on to the ICT induced improvement next. Changes to manpower deployment, in terms of competency and headcount, must be clearly stated. Depending on the extent of the change, a project plan to implement the change may be required. The project plan will have clearly stated activities and timeline.

It will be very useful to look out for the following items in the "As-Is" process :

- Activities & Tasks that can be removed
- Cycle times that can be reduced
- Procedures that can be simplified

- Forms that can be simplified; avoid duplication and irrelevance
- Computerisation or use of technology opportunities
- Automation (use of equipment, machines) opportunities

TIPS FOR "TO-BE" PROCESSES : Substantial Changes May be Required. Invariably, to realize business process gains, changes in working procedures may be required. In some cases, changes in policies may be required. Occasionally, laws may have to be changed or new laws may have to be put in place. Do not limit yourself by assuming that none of these can be changed. Keep an open mind to maximize gains from BPI.

With each type of change, different levels of approval will be required. For example, the time taken to execute a process change involving a change in laws will be much longer than that involving some procedural changes.

Step 6 : Estimate "To-be" process attributes

- Improved cycle times

- Reduced costs

- Better quality

- Higher customer satisfaction

Step 6 : Estimate Savings of "To-be" process. Estimate time and cost-savings of the "To-be" process when compared against the "As-is" process. This is to ensure that the gains are measurable, and the extent of improvement is known. When the "To-Be" process has been implemented, measures must be defined to track actual performance.

Step 7 : Trial Run – Optional

• Done only when necessary and possible

• A test of "workability"

• Fine tune process before launch

Alternative : Transition period with close supervision

Step 7 : **Trial run if needed.** To ensure that the "To-be" processes will work, trial runs may be required. Trial runs shall be done over a short period of time, with maximum supervision. The trial runs must be sufficient to convince the project team that the "Tobe" processes will work well when deployed in full.

In cases where trial runs are not possible, close supervision will be crucial to ensure that the new process runs smoothly. The project team must be ready to respond immediately should there by any breakdown or failure.

Step 8 : Implement "To-Be" Process

- Seek approval where applicable

- Prepare Transition Plan

- Procure / Prepare needed resources

- Close monitoring

- Be prepared for contingencies

Step 8 : **Implement "To-be" process.** The project team will present the proposed "Tobe" processes to the top management for approval and budget allocation if necessary. Upon approval, the changes are now ready to be implemented. All relevant resources – staffing, infrastructure, materials, equipment, etc – are already prepared, organized and ready to go.

If movement of people is involved, retraining and change management may be required. Before commencing on the implementation, ensure the following is done :

• Seek Approval where applicable

• Prepare transition plan, moving from "As-Is" to "To-Be".

• Prepare contingency plan, just in case of breakdown of new process

• Close monitoring during transitional period

• Communications with all stakeholders

Communications is critical to the success of the BPI effort. The BPI project team must ensure that the following stakeholders are informed of the changes that are taking place:

• External customers

• Internal customers, other relevant departments

• Management

Step 9 : Continuous Improvement

• Define clear performance measures

• Best practices / benchmarking

• Up the ante!!

Step 9 : Continuous Improvement. Performance measures must be defined to monitor the "new" processes. Typical measures are cycle time, costs, and customer satisfaction. Process improvement does not come to a stop the moment the "To-Be" process is implemented. It should be a continuous process, whereby regular reviews are carried out to see if further improvement is possible. Benchmarking with leading regional or global organizations will be useful to establish new and better standards for service delivery.

Continuous process improvement embodies the philosophy that no matter how good something is, it can be made better.

This process is to be used as a general guide as to how MDAs would progress through a BPI project.

Chapter 2

Process Mapping

2.1   Process Mapping

Process Mapping Steps

- Choose the process to work on

- Name the process

- Identify start and end points

- Identify Role Players

- List activities and tasks using different shapes and display them in a Deployment Flowchart

- The same steps are used to draw the "To-Be" process flowcharts.

Step 1 : Choose the Process to work on

This is the process that will be chosen based on the guidelines given earlier (Step 4, pg 14) . Typically, this is where cycle time improvement is most desired, and the MDA is delivering a service to the public.

In a situation where the process is a long and complicated one, and there are many activities, it may be necessary to "break" the process up into sub-processes and work on one or two sub-processes at a time.

Step 2 : Name the Process

Use simple, concise names ; do not use difficult words and uncommon acronyms. This will facilitate clear communication within the project teams, and all relevant stakeholders.

Step 3 : Identify the Start and End Points

Identify start and end points first. This helps set limits right from the start. They may change as you communicate this map with more people but they are the starting point. It's better if the scope is within the sponsor's range of authority and responsibility.

Step 4 : Identify all the Role Players

The role players are essentially the staff within the MDA who are responsible for the activities in the process, for example, the PS is the "role player" in the activity called "Preview Confidential Mails".

Step 5 : List down the activities / tasks within the process, starting from the Start Point.

Please refer to an example of a Deployment Flowchart below. Going from left to right, activities/tasks are stated within rectangular boxes, organized in columns based on the role players. The following shapes are widely used in process flowcharts :

Start or end of the program

Activity or Task
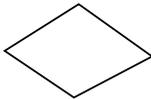
Decision Making or Branching

Connector, joining 2 parts of the process

Off-page Connector

Flow Lines

2.2 <u>Sample Deployment Flowchart</u>

New Recruit Processing

Employer	PO-PSM	Treasury

Employer column:
- Start
- ↓
- Letter of Appointment
- ↓
- Complete EB1 Form
- ↓
- Complete NOK & Personal Record cards
- ↓
- Complete CPPD form →

PO-PSM column:
- Review & Validate all documents →
- ↓
- Update HCMIS ←

Treasury column:
- Review Documents
- ↓
- Issue Check Number
- ↓
- Payroll Processing
- ↓
- Pay Employee
- ↓
- End

This map is for illustration purpose only.
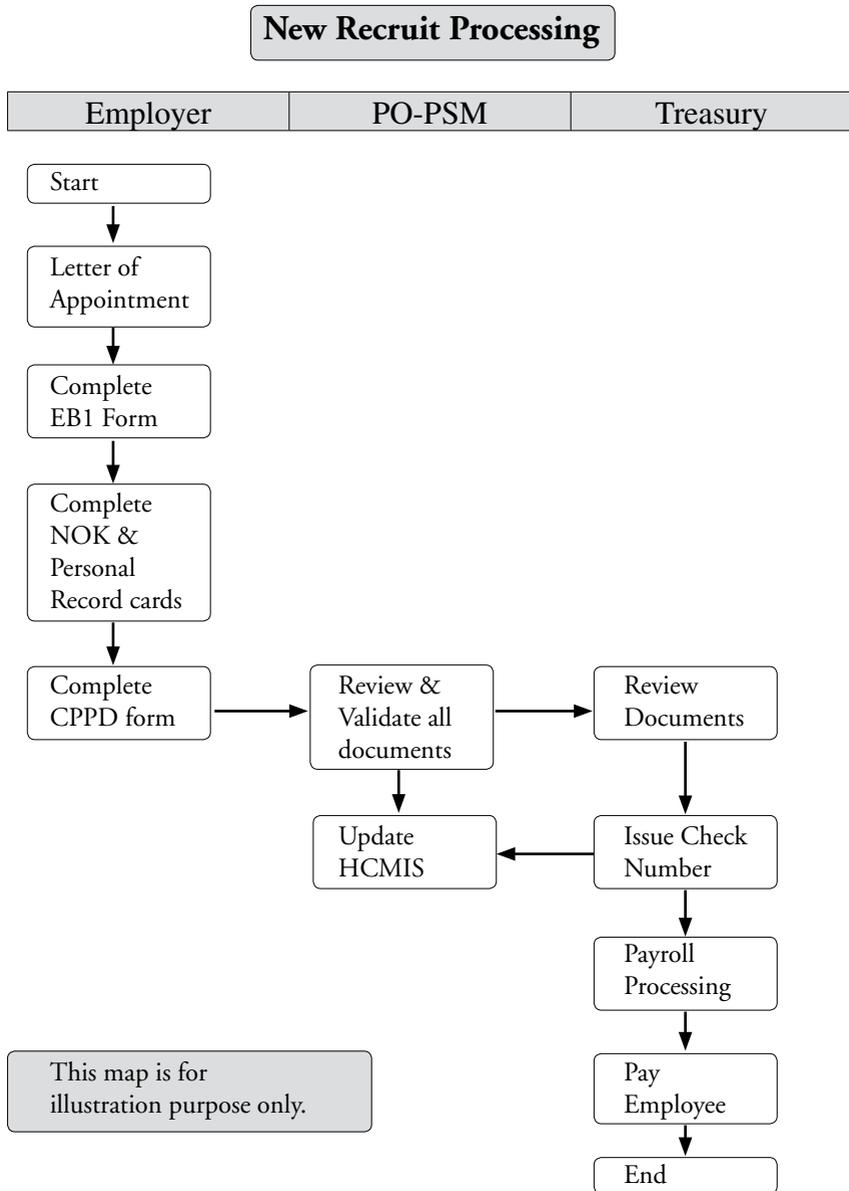
Sample Deployment Flowchart

Registry – PO-PSM			
REGISTRY	PS	DIRECTOR	AD / SO

START

↓

Receive Mails

↓

Read Mails

↓

Register/ Stamp → Preview Mails

↓

Sort Mails ←

↓

File Mails → Preview Mails → Respond to Mails

↓

File Replies ← Assess Response ← Assess Response ←

↓

Despatch Replies

↓

END   This map is for illustration purpose only.
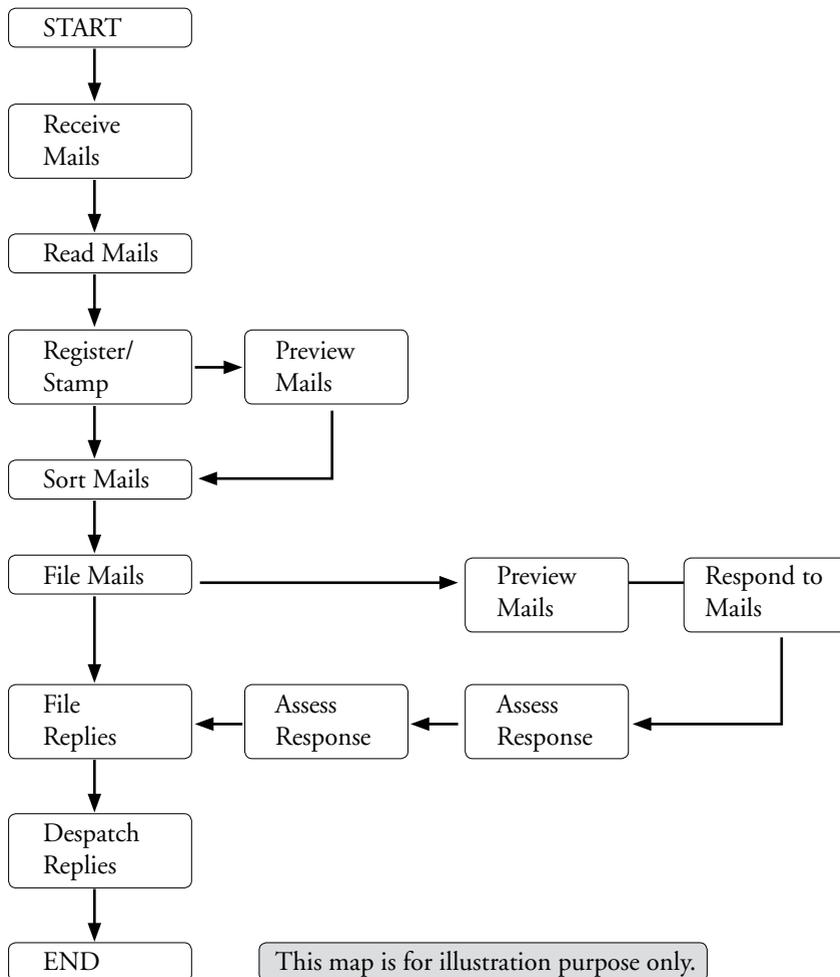
Chapter 3

Motivating BPI

3.1 Introduction

The turn of the millennium demands continuous change from each and every organisation. Therefore, it is not surprising that many MDAs find themselves in the midst of change interventions which range from incremental continuous process improvement to full scale BPR or transformation programmes. The golden thread running through all these interventions is the quest for improved process performance. The message is clear: make MDAs work better and cost less.

Numerous organisations try to achieve this major undertaking by optimising, improving, reinventing, or reengineering processes. Processes are designed to deliver outputs (products and services) that are of value to clients/customers. Clients/customers are no longer satisfied to be the victims of poor process performance. Processes act as the lever by which MDAs can change the quality, quantity, timeliness, and cost of their outputs. The overall performance of a process is dependent on each individual activity. If the performance of any one of these activities falls short, the performance of the entire process is degraded.

3.2 For all the right reasons

The manner in which an organisation is defined has fundamentally changed; organizations no longer rely on a

hierarchical, vertical structure to produce their services. Instead organisations are focusing on core expertise processes by applying resources and skills to perform as expected of them. With this context for change in mind, a number of principles (or rationales) that often provide the impetus for initiating a successful BPI effort can be identified.

3.2.1 Rationale 1: Fear of failure
There needs to be sufficient motivation for an MDA to make sufficient changes for improvement. This motivation is often driven by actual or perceived failures in performance.

3.2.2 Rationale 2: Need for structural evolution
A second commonly used rationale is the need for structural changes in a particular MDA. Many structures can be seen as vertical with a top-to-bottom management structure with decision-makers at the top and the workers at the bottom. This generally has meant that strategic planning for the MDA occurs at a high level and is delegated down to lower hierarchical levels in the form of policies, procedures and directives.

The emerging paradigm, however, is for MDAs to rely more on concurrent, cross functional teams (i.e., teams that cross organisation boundaries) composed of knowledge workers organised in a horizontal fashion.

3.2.3 Rationale 3: Need for agility
The third principle or rationale is the need to align the MDA's strategy with the objectives of the MDA components and employees, as well as with the processes that are intended to achieve the strategic goals.

Processes have not kept pace with the changes in technology, demographics and Government objectives. For the most part, an MDA's work is organised as a sequence of separate tasks and complex mechanisms have been employed to track its progress. The mechanisms funnel information up the hierarchy to the few who presumably know what to do with it. These typical patterns of organising work have become so ingrained that, despite their serious drawbacks, it is hard to conceive of work being accomplished in any other way. One then has an organisation that is a breeding ground for tunnel vision. When work is handed off from person to person and unit to unit, delays and errors are inevitable. Moreover, no one sees enough of the big picture to be able to respond quickly to new situations.

In an effort to improve the processes at the MDAs, those in control have to be assisted to break loose from outmoded business processes and the design principles underlying them and create new one's.

3.2.4 Typical rationales to bear in mind are:

3.2.4.1 Organise around the outcomes, not the tasks
This principle says to have one person perform all the steps in the NGO registration process. Design the work around the outcome instead of a single task.

3.2.4.2 Treat geographically dispersed resources as though they were centralised
The conflict between centralisation at Dar-es-Salaam and decentralisation to the district/regional offices is a classic one. Decentralising the resource (people, equipment or inventory)

gives better service to those who use it, but at the cost of redundancy, bureaucracy and missed economies of scale. The MDA can use databases, telecommunications networks and standardised processing systems to get the benefits of scale and coordination while maintaining the benefits of flexibility and service.

3.2.4.3 Put the decision point where the work is performed and build control into the process

The people who do the work in the various levels of management should be empowered to make the decisions and that the improved process has built-in controls. Pyramid-type management layers can therefore be compressed and the organisation flattened.

3.2.4.4 Capture information once and at the source

When information is difficult to transmit to Dar Es Salaam it makes sense to collect it repeatedly with a large number of input generating forms. It would however be beneficial to store the information in an on-line database for all who need it, given the telecommunications networks that are available.

3.3 BPI and the client/customer

The purpose of a process is to provide a service or product that satisfies clients/customers. Satisfied clients/customers build reputation, making it that much easier to be considered effective and efficient. Listening to, learning about, and being responsive to clients/customers are the personal qualities required so their needs may be satisfied. Always ask questions such as: "What does the client/customer want?" and "Is the client/customer satisfied?" Clients/customers place a high premium on values such as service, cost, quality, time, and innovation of products

and services. Processes must therefore be designed to put the client/customer first. BPI starts and ends with the client/customer.

3.4   BPI breaks the rules

BPI must be done with an open mind, where traditions and old ways of doing things are mere excuses. Radical steps may have to be taken in order to eradicate entrenched processes and rules are broken continuously during the process. BPI triggers changes of many kinds, not just of the business process itself. Job designs, organisation structures, management systems - anything associated with the process - must be refashioned in an integrated way.

In other words, BPI is a tremendous continuous effort which mandates change in many areas of the organisation. It also has to develop a culture in which people who are doing the work are considered to be more important than those supervising the work.

3.5   BPI and constraints

Processes are governed by constraints. A constraint is a relationship that is maintained or enforced in a given context. The term, context, refers to a distinguishable set of conditions. A constraint is thus said to hold in a given context when a relationship is maintained or enforced in that context. Conversely, a constraint does not hold in a given context if for that set of conditions, the constraint is not maintained or enforced. Examples of constraints are found all around us. There are constraints between: objects; objects and processes; and processes. Processes are constrained or enabled by controls such as policies, rules, conventions, procedures, regulations, contracts and agreements. Constraints initiate, enable, govern,

and limit the behaviour of objects and mechanisms to deliver the outputs of a defined process. If we want to change the behaviour of a process e.g. to improve the performance, efficiency, or effectiveness, we need to know what the relevant constraints are. When these constraints have been identified, they can systematically be examined and, if necessary, tuned or replaced to improve service delivery.

3.6 BPI and critical core processes

BPI limits its focus to the critical core processes of an MDA. An MDA has many processes, but usually only five or six of these can be regarded as critical. A critical core process is defined as one that actually adds value to what is offered to the client/customer.

For example, *"train the personnel involved in the registration process of NGOs"* is an important process. But it is important for the MDA, not for the client/customer. A critical core process adds value to the client/customer.

What does "adds value" mean? Two questions define it. Firstly, "does the client/customer care about the added value?" Secondly, "will the client/customer pay for the added value?" If the answer to both of these question is yes, then we really are dealing with value added to what is offered to the client/customer.

By thinking about work as processes, rather than function, managers can focus on streamlining processes in order to create more value with less effort rather than to focus on reducing the size of functions in order to simply reduce costs. Cost cuts will spontaneously occur as non-value adding activities are removed from the process.

3.7 BPI and organisational culture

The combination of people and leadership/management style is the essence of organisational culture. The kind of MDA that is most likely to be successful in BPI is one that already has a high degree of:

- Leadership that can create vision, articulate values, and create a climate in which managers and line personnel can all grow, flourish and have an impact on the way work is done
- Shared values
- Teamwork at all levels
- Fine relationships, especially with clients/customers
- Change and the desire to perform.

3.8 BPI success factors

In this section a number of themes or success factors that lead to successful outcomes for BPI projects are discussed. These include:

- Top management sponsorship (strong and consistent involvement)
- Strategic alignment (with strategic direction)
- Compelling business case for change (with measurable objectives)
- Proven methodology
- Effective change management (address cultural transformation)
- Line ownership (pair ownership with accountability)
- BPI team composition (in both breadth and knowledge).

Each of these success factors is discussed in greater detail hereunder.

3.8.1 Top management sponsorship

Major business process change typically affects processes, technology, job roles and culture in the workplace. Significant changes to even one of these areas requires resources, money, and leadership. Changing them simultaneously is an extraordinary task. If top management does not provide strong and consistent support, most likely one of these three elements (money, resources, or leadership) will not be present over the life of the project, severely crippling the chances for success.

It may be true that consultants and managers give this topic a lot of attention, mostly because current models of redesigning business processes use staff functions and consultants as change agents, and often the targeted MDAs are not inviting the change. Without top management sponsorship, implementation efforts can be strongly resisted and ineffective. If the top management in the "line" organisation and "staff" organisation do not partner and become equal stakeholders in the change, and you only have staff management support, you are most likely illprepared for a successful project (line management in this context are the top managers of the operation ultimately accountable for business performance).

Projects that result in major change in an MDA rarely succeed without top management support in the line organisation.

3.8.2 Strategic alignment

MDAs should be able to tie BPI project goals back to key business objectives and the overall strategic direction for the MDA. This linkage should show the thread from the top down,

so each person can easily connect the overall business direction with the project effort. One should be able to demonstrate this alignment from the perspective of financial performance, client/customer service, associate (employee) value, and the vision for the MDA.

BPI projects not in alignment with the MDA's strategic direction can be counterproductive. It is not unthinkable that an MDA may make significant investments in an area that is not a core competency for the MDA, and later this capability be outsourced. Such initiatives are wasteful and take resources from other strategic initiatives. Moreover, without strategic alignment, key stakeholders and sponsors may find themselves unable to provide the level of support needed in terms of money and resources, especially if there are other initiatives more critical to the future of the MDA, and more aligned with the strategic direction.

3.8.3 Business case for change

3.8.3.1 Why should a business case be written?
The most obvious reason for putting together a business case is to justify the resources necessary to bring a BPI effort to fruition. However this implies that the business case is simply a financial document. While all business cases should include financial justification, it should not be the only purpose of the document.

The BPI business case is the one place where all relevant facts are documented and linked together into a cohesive story. This story tells people about the what, when, where, how and why of the BPI effort, such as:

- Why is the BPI effort needed (issues and opportunities)?
- How will the effort solve the issues or opportunities facing the MDA?
- What is the recommended solution(s)?
- How does the solution address the issues or opportunities (benefits)?
- What will happen to, or in the MDA if the BPI effort is not undertaken (the do nothing scenario)?
- When will the solutions be deployed, or institutionalised?
- How much money, people, and time will be needed to deliver the solution and realize the benefits?

The writing of the business case forces the BPI team to sit back and reflect on all of the work they have so diligently completed. It is far too easy for the team to continue to plug away toward the end result and fail to document the work they've already accomplished. This is especially true during the concept and design stages of any BPI effort. There the business case serves as a wake up call to the team to cause them to capture the knowledge they have developed and how the MDA will function both with and without the BPI initiative. This is by far the most valuable role the business case can play in the BPI effort.

The second most important role of the business case is to verify that the solution substantiates or meets the needs of the MDA. It provides a vehicle for the team to step back and objectively review their facts and assumptions. In addition, it is vital that the BPI team document what would happen to the business of the MDA if the BPI effort is not undertaken. This base case or do nothing scenario is the foundation upon which all benefits from the BPI effort are derived. By documenting everything

together in one story, it is easy to link the issues to the solution and the benefit, and identify where the MDA would be without the BPI initiative. The development of the overall business case simplifies the development of the financial justification, and will usually identify holes or problems with the solution. Moreover, you now have a way to measure your success.

The final important role that the business case plays, is to provide a consistent message to many different audiences. It is a high level view of the entire project and enables all MDAs/stakeholders affected by the effort (clients/customers, management, accounting, finance, etc.) to be knowledgeable about the effort.

3.8.3.2 Overall goals of the business case
While one of the primary goals may be to get funding, the chances of success will be greater if one were to keep the following goals in mind as well:

- Make it interesting, remember someone will have to read it
- Keep it clear and concise
- Minimise jargon and conjecture
- Communicate all facts as part of the overall story – you've done your homework, here is the chance to prove it
- Provide the reader with a picture or vision of the end state
- Demonstrate the value the project brings to the MDA, client/customer and financial bottom line of the MDA.

3.8.4 Change management
One of the most overlooked obstacles to successful project implementation is resistance from those whom implementers

believe will benefit the most. Most projects underestimate the cultural impact of major process and structural change, and as a result do not achieve the full potential of their change effort.

Change is not an event, despite many attempts to call participants together and have a meeting to make change happen. Change management is the discipline of managing change as a process, with due consideration that people are not programmable machines. It is about leadership with open, honest and frequent communication. It is acceptable to show resistance, to surface issues, and to be afraid of change. MDAs do not change, people change, one at a time. The better change is managed, the less pain will be experienced during the transition, and impact on work productivity will be minimised.

3.8.5 Line ownership

Many redesign teams are senior management responding to crises in line operations with external consultants, or their own staff. It is a rescue operation. Unfortunately the ability of external consultants to implement significant change in an MDA is small. The chances are only slightly better for staff components. Ultimately the solution and results come back to those accountable for day-to-day execution.

That does not mean that consultants or staff functionaries are not valuable. What it does mean, though, is that the terms of engagement and accountability must be clear. The ownership must ultimately rest with the line operation, whether it be client/customer service, logistics, sales, etc. This is where it gets messy. Often those closest to the problem cannot even see it. They seem hardly in a position to implement change. They are, in a matter of speaking, the reason you are in this fix to begin with. They lack objectivity, external focus, technical redesign

knowledge, and money. On the other hand, they know the processes, they know the gaps and issues, they have front-line, in-yourface experience. They are real. The clients/customers work with them, not the consultants and the management services staff. Hence the dilemma. The line operation probably cannot heal itself when it comes to major business redesign. Staff and consultants have no lasting accountability for the solution, and never succeed at forcing solutions on line organisations. Both are required. The line organisation is needed to have the awareness that they need help, to contribute to their knowledge, and to own the solution and implementation. At the same time expertise and objectivity from outside of the organisation is often required.

Building this partnership is the responsibility of the line organisation, stakeholders and BPI team. No group is "off the hook".

Chapter 4

BPI and Organisational Change

4.1 Introduction

After going through the time consuming process of improving a function's activities, MDAs would expect the function to run smoother, demand fewer resources, and allow MDAs to provide world-class service to their clients/customers, right?

After all one did go out to the "Best in Class" organisations in government and the private sector and model the way their processes were designed. So, should not your function be world-class? May be not!

Even though MDAs have followed all of the steps of the BPI methodology and really cut out waste, there may be a problem achieving the savings or gaining the efficiencies that were expected. One of the biggest reasons why some process improvement projects do not achieve the level of success an MDA expect, deals with the issue of organisation culture change. An MDA can have the most efficient process in the world, on paper or in a model, and still not have a "world-class" operation. It must be remembered that people have to execute the plans, perform the activities, and provide the interface to the client/customer. If one has left out of the improvement process, a plan on how to change the behaviour of the human resource, the project is unlikely to succeed.

Culture change does not come only as a result of a change in the "system". It comes as a result of consistent (incremental) change in the way a person feels about that system. Human beings must see that there is less pain and more pleasure (benefit) associated with the change than not changing. When an MDA is planning a change of any kind that will affect the day-to-day activities of people, the relationship between pain (emotional cost) and pleasure (benefit to the individual) in a person's mind must be considered. Human beings are stimulated or (held back) based on their association of personal benefit or personal cost to a change in their environment. As a person is faced with change, he/she will evaluate or question whether or not making the change will cost a great deal in emotional stability or provide a great deal of personal benefit. It is this relationship that determines real, lasting change in a person.

For instance, a supply depot has elected to change the way they process a parts requisition. The current system (or the way the activity is performed) has been in place for ten years. The current employees that process parts requisitions have "grown up" using this system and see no reason to change it. They have been told of the benefit the organisation will realise if the change is made, in terms of cost savings, ability to process more requisitions more easily, etc. So, why do these employees resist the change in the way they are currently operating?

The answer is simple. They associate more pain to changing than not changing. They may feel that when management says "cost savings" they really mean job abolishment. When they say "ability to process more requisitions" they really mean the employees' workload will increase. With this interpretation, or misinterpretation, of the situation, no wonder these depot employees are not interested in changing the way they do

business. This is a real situation. It happens every day throughout organisations. So, let's explore what these individuals actually went through as the decision-making process (transition from old to new) took place.

4.2   Reactions to change

4.2.1 Shock
Once a change has been announced, usually the first reaction people have is to meet the change with a sense of shock. They ask themselves, "Where did this come from?", "What is going on?", "I didn't know anything about this!", or "This isn't what I agreed to!" How many of us have been confronted with a change and felt this way?

4.2.2 Anger
After getting over the shock of the new situation, most people, if they view the change as a negative impact on their personal situation, become very angry. Many times they will begin a process of looking for the person or persons to blame. They may begin to talk about the new situation in very negative terms, such as, "It won't work!" or "I'm not going to support this!" This anger, if not addressed, may lead to some actually trying the sabotage the change process.

4.2.3 Denial
This phase is a little harder to define. Many people, depending on their basic values and beliefs, go directly from anger to the fourth phase, acceptance. However, there are a significant number of people who go through a denial phase, so it is necessary to explain what to look for. A person going through this phase will make up excuses why he/she should not be held accountable for anything that goes wrong with the organisation

as a result of the change. For example, he/she may make the excuse, "The change will never work because I haven't been directly involved with the solution!" or "Don't blame me if it doesn't work!" These attempts to disassociate himself/herself from the new situation often causes the person to alienate himself/herself from the group.

4.2.4 Acceptance

Only after a person gets through the first phases can he/she truly begin to accept the change that is taking place. Once the person has accepted the change as real and that it is going to happen, he/she begins to rationalise his/her role in the new situation. It is extremely important for one to understand that people will go through each of these phases, in varying degrees, as they transition from the old way of doing their work to the new. How one manages this transition period is the key.

4.3   What can one to do manage this transition

4.3.1 Leaders must have an assured way of thinking about change

They should have a "model" which will guide analysis of the situation and help them to formulate the process of change to be implemented.

4.3.2 Leaders must have clear goals

They must have a clear idea of what results the change will generate.

4.3.3 Leaders should initiate change

Change should be initiated at the point where they have the most control and can make reliable predictions about the consequences of their actions.

4.3.4 Leaders should recognise that change in any one part of the situation affects the whole

They must be alert for unanticipated consequences of their actions. The most important task of a leader is creating the climate that is conducive to the change being attempted. An emotional atmosphere in which people feel that the leader is empathetic and nonjudgmental toward the employees and their needs is a climate in which people will be more open about their feelings and resistance.

4.4 Implementation strategies

Change is itself a process and must be treated as such. MDAs cannot expect people to change the way they have done things for years over night. Change is not something that should be taken lightly. It is complex and if managed properly, can be very beneficial to the employees and the organisation as a whole. Proper management of the transition of people through the process of change is critical to the success of the new system.

There are three aspects to the transition of people through change as explained in the paragraphs below.

4.5 Discontinuation of the old way of doing business

The first aspect of the transition is the discontinuation of the old way of doing business. This sounds simple, but it is not. It is during this part of the transition that many of the reactions to the change are experienced. So how does one get people to give up the old way?

- Identify who is losing what
- Accept the reality and importance of subjective losses
- Do not be surprised at overreaction
- Acknowledge losses openly and sympathetically

- Expect and accept signs of grieving (do everything possible to restore people's sense of having some control over their situation)
- Compensate for losses
- Give people information - over and over again
- Define what has changed and what has not changed
- "Mark" the ending
- Treat the past with respect
- Let people take a part of the old way with them
- Show how endings ensure the continuity of what is really important
- Avoid dragging it out - whatever must end, must end.

4.6 Migration

Migration is the in-between part of the transition. One must let go of the old way but have not quite got to the point of fully grasping the new way. It's like being on a trapeze. As you let go of the first trapeze there is a moment before the other trapeze gets to you. It's during that time that there is nothing to hold on to. It is also during that time that many questions may go through the trapeze artist's mind; things like, "Was this a wise thing to do?" or "Will I be able to catch the other trapeze?"

4.6.1 This can be a very difficult time, yet it can be a very innovative and creative time. Some things to look for are:

- Anxiety/absenteeism/old weaknesses and wounds emerge
- People are overloaded; systems are unreliable; signals get mixed
- Teamwork is undermined; people take sides; old way/new way

- Organisations and people are vulnerable to attacks from outside – defences are weakened.

4.6.2 The way to get through this phase is to:

- Recognise this behaviour as "normal" and expected
- Create temporary systems or ways to deal with this period
- Protect the employees
- Review policies and regulations. Make sure they are flexible enough to deal with the changes taking place
- Strengthen and encourage intra-group connections
- Communicate, keep the people informed. Be open and honest about the effects of the changes being made.

4.7   Starting the new way of doing business

This part of the transition is very important in that it is here that one solidifies the changes MDAs have made. It is here that lasting change takes place. How does one reinforce this new beginning?

- *Be consistent.* Be careful of conflicting messages. Walk the talk. Do not reward old behaviours
- *Ensure quick success (quick wins)*
- *Symbolise the new identity*
- *Celebrate the success.*

Each of these ideas can be used to reinforce the new behaviours, thus, reinforcing the new processes or ways of doing the work. These are only a few ideas on how to manage the transition of change in the organisation.

It is important to note that there are many schools of thought on this subject but all have a common theme - open and honest communication is essential throughout the transition.

4.8   SUMMARY

If the BPI programme is going to realise its full potential of improving the way people work, changing of an MDA's culture must be considered an integral part of the process. Systems cannot be developed irrespective of the people that will be managing and operating those systems. One of the biggest reasons why some process improvement projects do not achieve the level of success the MDA expects is because the MDA or functional manager did not deal with the issue of MDA culture change. MDAs can have the most efficient process in the world, on paper or in a model, and still not have a "world-class" operation.

Culture change does not come only as a result of a change in the "system". It comes as a result of consistent (incremental) change in the way a person feels about that system. Human beings must see that there is less pain and more pleasure (benefit) associated with the change than not changing.

With proper emphasis given to transitioning through change during the BPI process, MDAs can indeed, see significant and more importantly, lasting improvement in their functions.

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