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BP TO BP - THE OUTCOMES OF BPM

Process, to be effective, needs to lead directly to Performance. And Business **Process** Improvement must lead to Business **Performance** Improvement. Any improvement in the process that does not lead to an improved performance is wasteful. Various leaders tend to classify the term ‘Performance’ with a multitude of measures. *Our research has shown these can largely be grouped into six buckets called Primary Business Outcomes.* Achieving competitive advantage is clearly the principal one. This, in fact, includes the strategic dimension of focus on core business, and reduces distractions from an enterprise’s main focus and enhances geographical mobility.

Competitive Advantage is an advantage over competitors gained by offering greater value to consumers, either by means of lower prices or by providing greater benefits and service that justifies higher prices. It is a condition which enables a company to operate in a more efficient or otherwise



higher-quality manner than the companies it competes with, and which results in benefits accruing to that company. A competitive advantage essentially has to be one that not only merely represents better performance than that of its competitors, but also carries a dominant position in the market. This advantage can therefore

represent both a better top line as well as bottom line.

A critical success factor in establishing competitive advantage is ability to create knowledge and move it from one part of the organization to another. Organizations must learn from their environment how to survive and improve their position. Managers must link their core competence to different types of corporate strategies across time. Secondly, if enterprises are to remain competitive, they need to reduce the complexities resulting from widely dispersed and often disparate business processes.

Cost Effectiveness here should not be confused with cost benefit, which is more of a term for financial decision-making. CE is an analysis that brings best possible advantage for the lowest possible costs. Very often this term is used to compare two (or more) situations where the outcome may not always be quantifiable in terms on money.

A BPM strategy brings out the best example of cost effectiveness. Taking the advantage of economies of scale, improved processes, creating a fertile ground for innovation, and releasing the leaders’ bandwidth to focus on the core business rather than transactions are great examples of ‘effectiveness’.

Customer Experience could be referred to as the overall experience a customer has with a supplier of goods or services over the duration of their relationship. This can include an interaction with an employee, a service (often automated), or a product – even well after the product has been purchased. Many companies may excel in individual interactions with customers,

but they fail to pay adequate attention to the customer's complete experience.

Research has shown that organizations able to skilfully manage the entire spectrum of customer experience reap better rewards: enhanced customer satisfaction, increased revenue, and even greater employee satisfaction. They also discover effective ways to collaborate across functions and levels, a process that delivers gains throughout the company.

Creating and delivering processes seamlessly and avoiding multiple touch-points and possible errors can go a long way in increasing customer experience. The SSC can create a hotbed for innovation, improve processes, collect and analyse data, including profiling customers and provide critical input for product or service design.

A risk to be aware of is the employees believing they are transaction processors. Often business processes are too complex for the operating staff to fully comprehend how their efforts are impacting the final product. A 'cog in the wheel' phenomena has to be watched out for. A feeling of any such nature can become a road-block to innovation and excellence. Here is where great leadership can make a lot of difference.

Indicative/ key customer experience parameters are:

Operational Excellence can mean various things to various people. Some define it as lower operating cost or reduced inventory while others describe it in terms of increased efficiency or better quality. Fundamentally the term refers to that state of affairs of an organisation where the processes are carried out at their best possible efficiency and effectiveness. Since the word 'best' can be relative, it also means having a culture of continuous improvement. The process

of improvement in an organization often involves management setting one of these



goals, employees making changes in their areas to achieve it, then management setting a new goal. The Institute for Operational Excellence, USA refers to it as the point at which each and every employee can see the flow of value to the customer, and fix that flow before it breaks down. It applies to every level and every person in the organization, from executives all the way down to the employees producing the product. It's clear, concise, practical, actionable and teachable.

Efforts to achieve operational excellence are not about eliminating waste or lowering cost. Rather, the end goal is to have operations be a key player in creating and delivering products that customers want in order to establish perpetual business growth.

Invariably improvement begins by establishing a baseline. Process documentation, charting a visual work-flow and establishing correct output measures essential for 'baselining'. The next step is to establish what-if scenarios and measure needle movement in output by applying each of the scenarios. There are enough and more tools available to help companies on their journey of operations excellence. Application of LEAN or Six Sigma, or even

more sophisticated ones such as COPC or eSCM.

Operational excellence is therefore both static and fluid. And more importantly it is a state of mind – a culture that permeates through the entire organisation.

Control, Compliance & Governance (CCG) is a feature that can bring down the company without anyone even realising it. Everyone has seen and felt the recent debacle within the financial world in the opening years of the 21st century. We are still reeling under it. The root cause of it all was, quite clearly, loss of control and poor governance. The setting up of the SOX Act in the US, Companies (Audit, Investigations and Community Enterprise) Act in the UK and Financial Instruments & Exchange Act of Japan are examples of legislation enacted by the large economies of the world to not only ensure good governance but also ensure accurate reporting. The concepts of ‘significant accounts’ and ‘significant processes’ need to be well understood for proper application.

COSO framework is fundamental to CCG and all leaders and staff of BPM

need to get oriented to the components of this framework. Subsequent to SOX implementation globally, and Clause 49 in India, this has assumed even greater importance.

CCG is also important to the shareholder community. Investors want to know that their money is being used to make companies grow, not to idle or waste. Those with controlling interest should be held accountable for what they do with company funds.

Compliance usually refers to the company obeying all the laws and regulations in regards to how they manage the business, their staff, and their treatment towards their consumers. The concept of compliance is to make sure that corporations act responsibly. Occasionally compliance can also mean adhering to commitments and contracts that the company may have made in the past.

Compliance is one of the ‘negative’ features of business. Complying to law will not get you any benefits but not adhering to it can put you in big trouble with the law – usually with criminal penalties. Rules regarding CCG can be easily



Figure 15: COSO Framework

incorporated within the regular business processes. A systemised process can generate reports for management review, reporting as well as exception handling. Building a robust mechanism of authorisation hierarchy and financial thresholds are simple pre-emptive measures of controls.

BPMS has introduced quite a few tools for making the compliance robust and these can be well integrated into the BPM for effective tracking, monitoring and reporting.

Leadership Excellence is brought about by creating a culture of trust, an opportunity to learn & grow, and freedom to innovate. Our research has overwhelmingly pointed out that competent leaders can make a difference in the way any SSC operates and is accepted within the organisation or to an outsourcing customer. Competent, capable leaders who can adapt to changing circumstances and inspire

outstanding performance are a source of strategic advantage. Therefore Leadership Excellence is a two way street. Great leaders create a great environment, which in turn create great leaders.

Most often SSCs operate under very professional conditions. Leaders are encouraged to learn and pass on to their teams the value of their contribution to the customer or the end-product. Leaders should also be specialists in their domain. They should have a clear understanding both at transactional level as well as the macro end-product level.

Leaders of change should have a bold yet open mind set. They must have Thought Leadership - a map of where you wish to take the organization and the means to achieve it, Results Leadership - swimming against the tide of inertia normally accumulated in the organization, Relationship Leadership - connecting the relationships and Change Leadership - champion of change.