



The business process transformation framework is a new approach to delivering your “to be” vision completely, accurately, and efficiently. The third and final article in our series describes the process steps required to use it effectively

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In the first two articles of this three-part series, we discussed the long list of enterprise resource planning (ERP) system implementation failures and introduced a new technology framework for accomplishing business process transformation in those implementations. We introduced an efficient and effective, holistic process approach, which ensures that a balance is maintained throughout the design process among the key drivers of business transformation success: **people, process, and tools**. We discussed a new approach, which utilizes extensible resource model (XRM) libraries and dictionaries that

provide imbedded best practice processes integrated with metrics and analytic tools.

We discussed how the output of the process design using the XRM libraries and dictionaries becomes permanent process records, enhances cross-functional communication, enables better-focused software improvements, and enables rapid adaptation to changing business strategies.

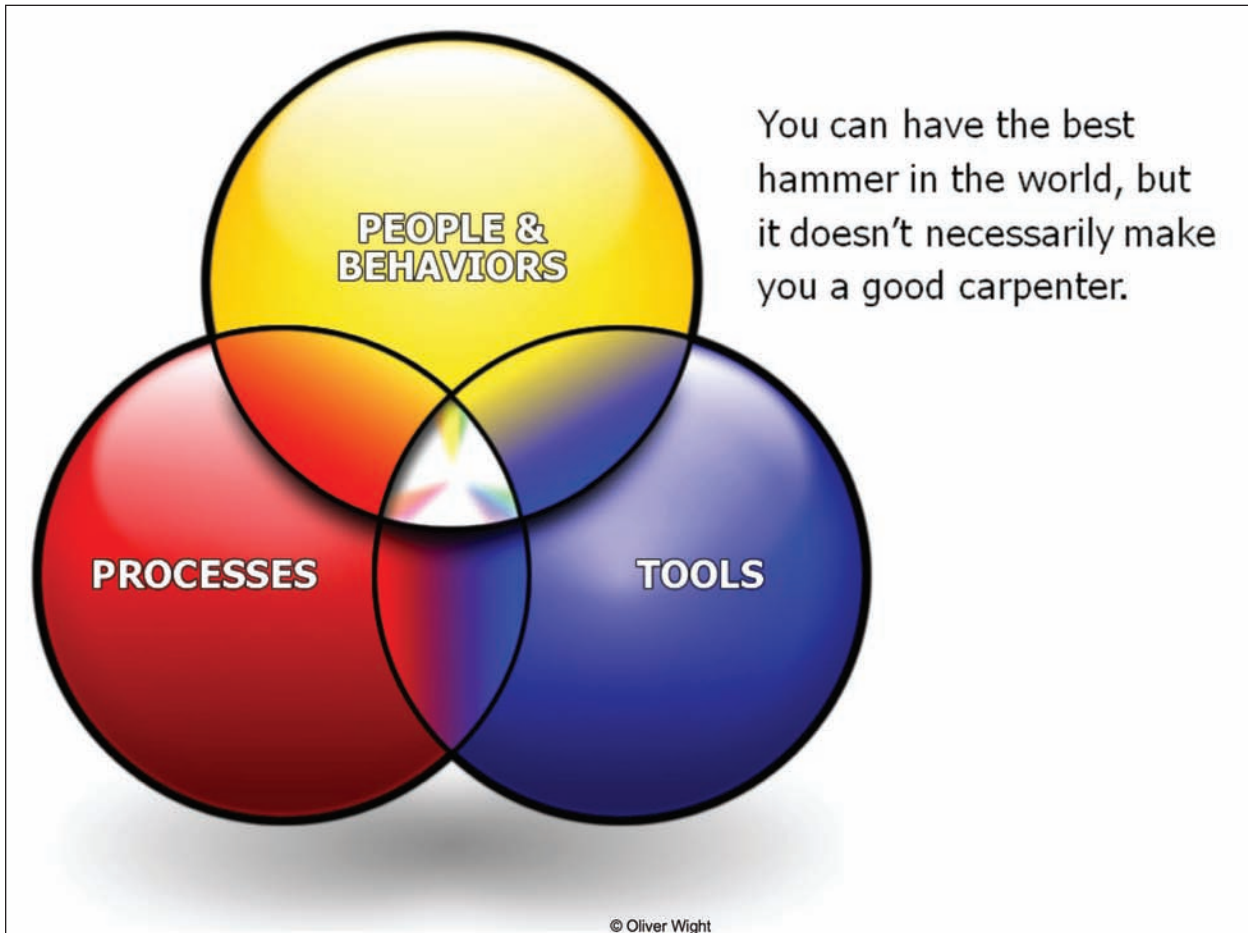
In this final article, we will describe the process steps for using a business process transformation framework (BPTF) effectively and efficiently. Like any tool, it can be used to produce the desired business results, or it

can be misused, creating wheel-spinning effort without conclusion or tangible economic benefits.

The key difference between BPTF and other process design methodologies is the leveraging of a disciplined modeling approach combined with the proven best practices for specific ERP processes. It also includes, if done right, best practices to drive the implementation and acceptance of transformational change. BPTF specifically addresses the need to balance people and behaviors, processes, and tools while defining the process and technology solution that best meets the needs of the business. Subsequently, the BPTF is a method that can be used to ensure the success of your project design and implementation.

arrowed situations. For example, neglecting the need for appropriate process design while automating and training your personnel to utilize a misfit tool will result in “automated chaos.” Note, few people ever make the mistake of including only one dimension.

Because the BPTF model incorporates best process practices, engages implementation and operations teams, and maps to software libraries, it forces the inclusion of all dimensions in the process design steps. The ValueScope tool is an enabling facilitator in the design process. It provides a structured business process transformation framework to ensure there is a balanced inclusion of the needs of people, process, and tools. This balance is key to ERP project implementation success.



The diagram above illustrates that people, process, and tools are the key to success of any transformational change initiative, including ERP implementation. Failure to include all three dimensions will result in the

Further, the BPTF methodology leverages pre-existing dictionaries and modeling frameworks that enable significant acceleration of design, reviews, re-designs, and final agreement or consensus on the final design.

Traditional ERP projects started with a blank sheet of paper (an inefficient practice) or the basic software functionality (a worse practice) as the guide for design. The BPTF starts with best practices for a specific business segment, which includes different paths for different business strategies. This approach provides a framework for developing fundamental blocking and tackling in the processes while accommodating economically valuable or market-driven deviations for competitive advantage.

We have found many processes for implementing ERP systems that don't work or haven't always worked. We know of one process—use of the BPTF—that has proven its ability to deliver results reliably and consistently. There may be other approaches that will work, but this one is a proven path to results.

### ***Business process transformation framework proven path***

Over the past 40-plus years, we have experienced successful implementations of process improvement, process design, and system implementations that support the process design. In evaluating the critical success factors of these implementations across a wide variety of industries and business models, we have found that there are several keys to success. We call these critical success factors *The Proven Path*. We do so because when companies incorporate these critical success factors, they are invariably successful. When they do not, they struggle or experience the types of full-blown failures we cited in our first article.

Following are the critical success factors or *The Proven Path* to success:

### **The diagnostic**

We have seen many companies who have failed ERP implementations spend exceptional amounts of money evaluating software. They do not invest much in evaluating the gap between current practices and best practices, however. Automating poor processes often results in making the same mistakes at light speed, while at the same time eliminating the current “informal” processes that have been established to overcome the poor formal processes. Companies with poor formal process are very expensive to operate. Businesses often still get by, but they rarely operate to their potential and certainly do not operate optimally.

Putting in a new software system is guaranteed to cast out the old, expensive, but basically functioning process. If the new IT system doesn't include new and effective processes that people understand how to operate, an ERP “failure” is a very likely outcome. In many cases, companies have actually been unable to

produce goods when system implementations end up automating poor processes and eliminating the informal ways of working around the poor processes.

This brings us to the first critical success factor—the diagnostic. The diagnostic requires a modest investment (in relationship to software and integration costs) that provides management with a third-party assessment of the gaps between current practices and best practices in similar industries. This assessment is uncolored by current owners or dogmatic beliefs about “we're different”. This assessment produces a list of benefits and identifies greatest opportunities for improvements (money, customer service driven, or market driven). The diagnostic accomplishes two things; first, it ensures the scope of the redesign project is appropriate, and second, it ensures that the redesign effort fits the business-driven need and that the effort is justified.

The reason for the diagnostic to be conducted by third-party best practices experts is quite simple. Internal employees and systems integrators have a vested interest in defending the status quo or blaming someone else for the current condition. Defensive posturing wastes time and prevents organizations from moving forward on improving business performance.

### **Education**

Many companies make the mistake of spending a great deal of money on software training without ensuring that their employees possess the fundamental knowledge necessary to design and operate a best practices process. Education creates the understanding of why an organization performs specific work and what that work needs to accomplish. Training defines what buttons to push to complete a transaction. Training without education produces designs that optimize software instead of optimizing the business process and performance, including the software tool.

Another often forgotten education component is that of executive education. The decisions and behaviors of senior executives have a profound impact on the performance of processes, people and tools. Having management and employees working with a common language and common understanding is a prerequisite to maintaining commitment to task and, hence, ensuring success, both in design and in ongoing operations. Companies that forego education of both the management team and employees, in our experience, almost always fail to achieve the desired benefits from investing in process improvement and system implementations.

Design teams should receive education in both the business process transformation framework methodology

and process excellence concepts and criteria for their specific design area. They also require enough overall ERP education to understand the inter-relationships and hand-offs. Integration is accomplished through a self-interested understanding of giving something to get something.

### **Process design**

The first step in process design under BPTF is to develop the priority dimensions for the project. This is a group activity to determine the key business drivers and the development of a full company scorecard for use in fundamental design parameters. If it doesn't point towards a business driver or result you expect, why do it?

The team and management then need to define expectations for high-level metric performance targets. This includes an understanding of the current baseline performance and the causes of the gaps to the desired performance. Most companies that utilize BPTF methodology are stunned to find out their actual current performance falls short when measured against best practices criteria. Most companies have a culture of measuring to look good or stay out of trouble rather than measuring to gain insights to drive improvement. When this situation occurs in a company, the management team needs to answer some hard questions about the environment that produces these "feel-good" numbers. This is a leadership issue.

After accomplishing the above-defined steps, process design then moves into interactive workshops for developing the value stream models. These workshops are usually three to five days in duration for each process and are conducted either concurrently or serially, depending on process relationships and hierarchy. The workshops include education on the best practice models to ensure understanding and produce the ability to objectively evaluate existing practices against best practices and business needs and goals.

The design workshops are structured for acceleration and to reach a consensus on the process designs quickly and efficiently. The workshop structure includes tailoring the best practice models to address unique or special requirements for the specific company. The graphic and analytical tools used in the BPTF process make it possible to quickly document, review, and approve the process designs.

Once individual process designs are set, the process moves on towards verifying the end-to-end design through cross functional/process workshops and analytics. The BPTF process is consensus-based and recognizes that processes are linked into chains and that they need to be optimized as a whole as well as individually. This methodology ensures that all of the

hand-offs are measured for effectiveness and accuracy and that process failures can easily be traced to root causes through an ongoing measurement system.

The finalization of the process designs utilizes a brainstorming/belief-challenging activity based on the value reference model tools and metrics within the business process transformation framework. This approach is used to ensure that design criteria and best practices have been incorporated and accomplished and that any gaps are identified and resolved prior to process operation and system configuration and implementation. Once the full design with appropriate measures is in place, the next step is final confirmation of the integrated process design and development of implementation tactics.

### **Preparing to make it happen**

A unique part of the BPTF methodology is an integrated continuous improvement methodology (ICIM) for assessing process, automation, culture, organization, and metrics (PACOM). Simply put, this a process for identifying the real or perceived barriers to change that would prevent achieving the new way of doing business and the desired results. This methodology enables gaining organizational agreement on the barriers and the formulation of actions to break the barriers. This approach incorporates accountability for the barrier-breaking actions, including names of those accountable and actions in priority order with due dates.

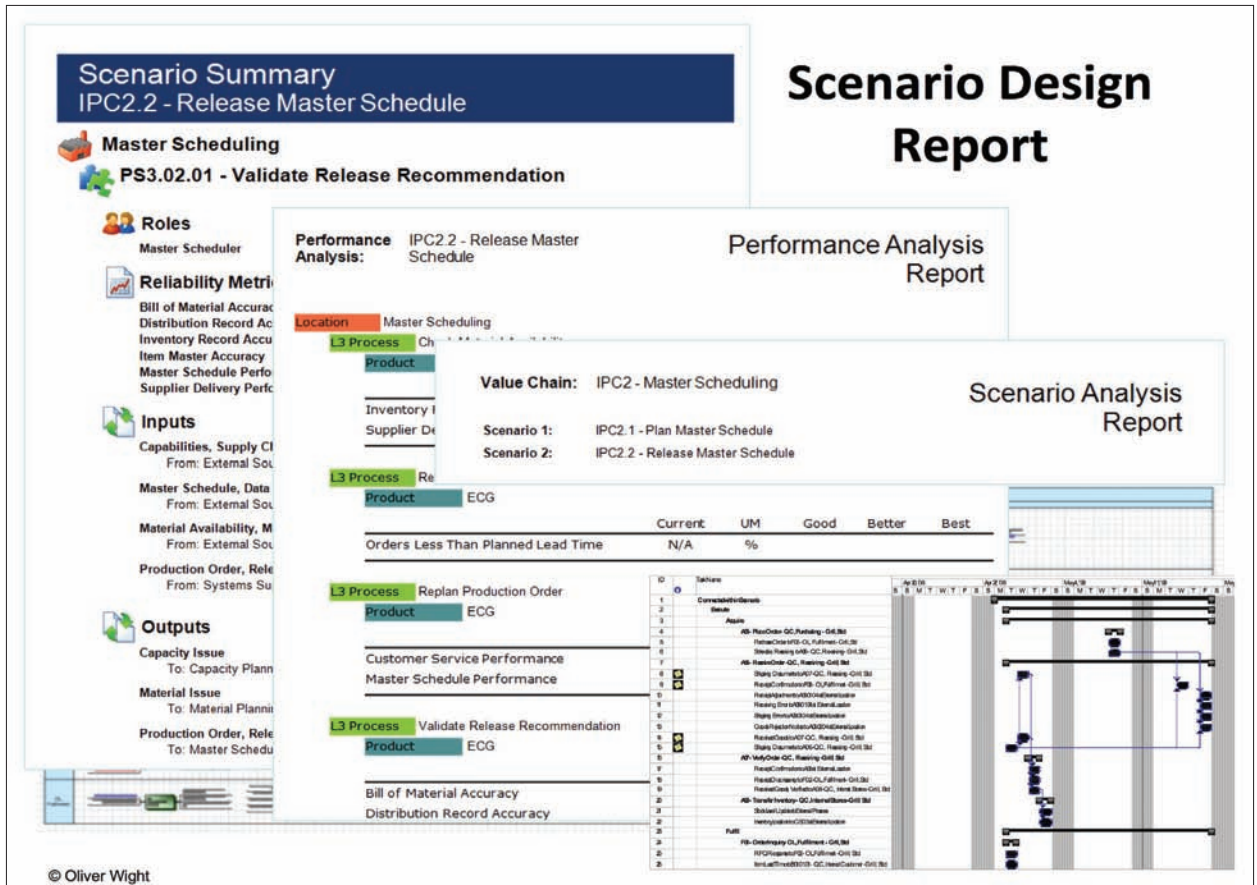
Once PACOM is completed, the final design analysis is finished to produce an analytical assessment of the impact of the designs. This must take place prior to process implementation and system configuration. The metrics targets and resulting return on investment (ROI) analysis are used to confirm or modify the original business case that was developed at the start of the project.

Preparing to make it happen is not informal. The deliverable is the delivery and presentation of a written document that is provided for management, the people within the organization or enterprise who will be impacted, and the software provider/integrator. This report includes:

- Process descriptions
- Input and output descriptions
- Metrics identified by process step
- Process and practices for each process
- Roles and responsibilities for each process
- Key reference documentation for each process

### **Conclusion**

There is an effective way and an ineffective way for creating new business processes, improving existing business processes, and configuring and implementing



systems and software to support those business processes. The failures are legendary, resulting in dissatisfied customers, squandering of cash, disappointed shareholders, and the morale problems that come from struggling to perform jobs in a way that meets expectations of the management team and shareholders.

Most people in business have seen examples of companies that fail the first time and then implement more effectively the second time. They also see examples

of companies that keep changing software systems, thinking the software is the problem, when really the problem was the failure to invest in a disciplined process for designing the business processes and producing a set of configuration requirements for the software system.

Use of a business process transformation framework that incorporates best practices and utilizes a proven methodology for development is the key to eliminating the risk of failed process improvement and system implementations. ●

### Rick C. Burris

Rick C. Burris, a principal with Oliver Wight Americas, is a proven senior executive in turning around distressed businesses through the real-world use of world class best practices. He has over 30 years of executive, management, and process experience in diverse industries and has a functional background in finance, operations, supply chain management, and senior general management. Rick served a turnaround role as COO for Beauty Group International and, at Weir Floway, he installed Integrated Business Management processes where the company went from serious losses to better-than-industry profit levels.

### Robert Howard

Robert Howard, an Oliver Wight principal, has extensive experience in manufacturing, supply chain, and project leadership. At Solutia, Bob led a cross-functional team involving IT, operations, and manufacturing to redesign business processes and to support world class MRP II business performance utilizing Oliver Wight's "Proven Path" implementation methodology. Bob has recently completed a multi-year engagement with a Fortune 500 company, coaching six diverse businesses in the implementation of Oliver Wight best practice Integrated Business Management principles.