Business Process Re-engineering – My Experience!

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TODAY'S AGENDA

- **Project Overview**

- **Methodology**

- **Phase 1: As-is process mapping**

- **Phase 2: Process re-engineering**

- **Lessons Learnt**

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We worked with a government utilities authority in the UAE to complete seven work streams, one of which was the BPR Project

7 work streams involved
1 **Key Processes Re-engineering**
2 **Organisational Implementation**
3 **IT Implementation**
4 **Business Planning & Budgeting**
5 **Asset Management (new)**
6 **Employee Performance, Salary, Benefits**
7 **Customer Relations (new)**

Project 1:   Key Processes Re-engineering

Process Mapping	Process Implementation

Within our Scope of Work

Phase 1 | **Phase 2**

As-is Process Mapping	Processes Re-engineering	Implementation Planning	Process Implementation

As-is Process Mapping
- Develop Business Process Model
- Identify Process Owners
- Identify links between departments / processes
- Map the existing processes
- Develop the As-Is Risk Register

Processes Re-engineering
- Analyse processes based on the following:
  1. Inefficiencies
  2. Risks
  3. New IT systems
  4. New organisation structure
  5. Good practices
- Establish all process links and dependencies
- Update the Risk Register to reflect the reduced risks in the re-engineered processes

Implementation Planning
- Templates
- Specifications
- Resources required
- Performance measurement (e.g. Identifying specific KPIs for each process)
- Training
- Link specific KPIs to the corporate KPIs

Process Implementation
- Roll out the processes
- Review the performance of the process against established KPIs
- Update the processes (where required)
- Continuous improvement of the processes

Source: Business Process Re-engineering: A Consolidated Methodology. Proceedings of The 4th Annual International Conference on Industrial Engineering Theory, Applications and Practice.

November 17-20, 1999, Texas, USA

**Key success factors communicated to the Authority's team at the beginning of the project**

- Engage **process teams** to ensure that they will use the processes once re-engineered

- Engage **key stakeholders** to avoid any future conflicts

- Ensure that the **process owners are empowered** to approve and own their processes going forward

- Confirm that the **dependencies** between processes are clear

- Enforce **good practices** as far as possible

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We looked at a number of process re-engineering methodologies
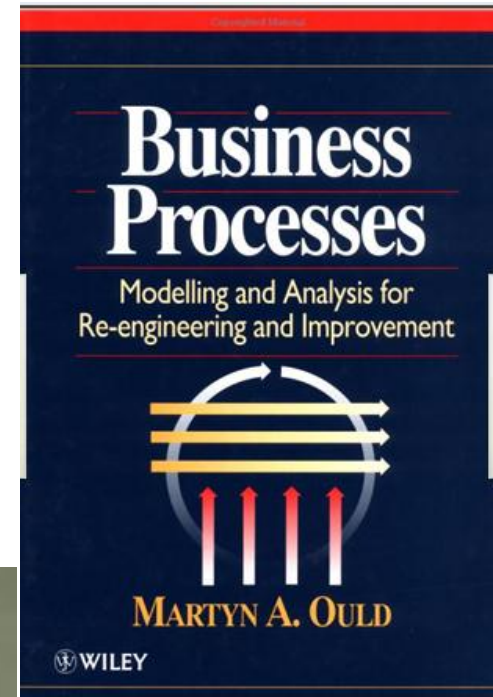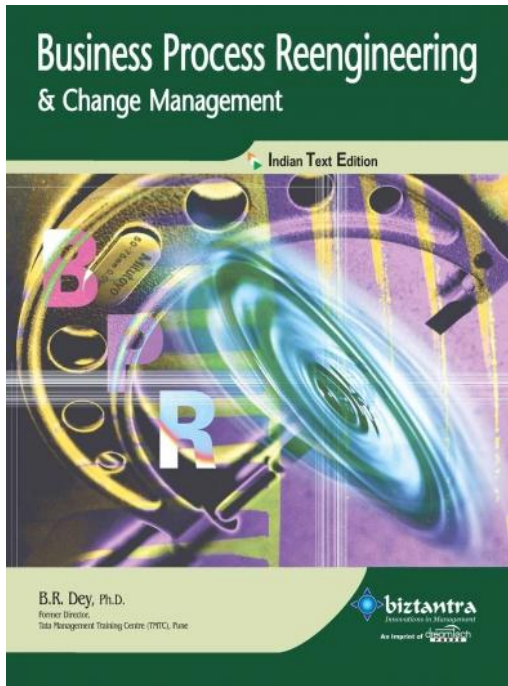
How did we arrive at our methodology?

- **We considered several process re-engineering methodologies**

- **We reviewed the Authority's needs against these methodologies**

- **We then selected a methodology which**

  - best fit the Authority's needs, and

  - fits with the project objectives

- **We adjusted the selected methodology to take into account the key stakeholders, validation needs, and required approvals cycle**

We proposed to document processes down to Level 3

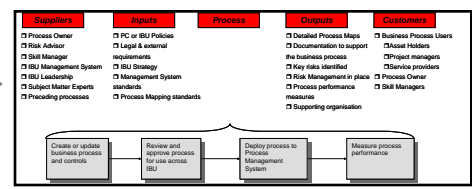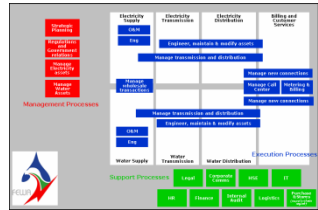| The Levels	Examples	Description of a 'Level X Process Definition'

Level 0 'BPM' → → **Business Process Model**

Level 1 'Main Process Areas' → → **Main Process Areas**

Level 2 'Processes' → → **Processes**

Level 3 'Sub-Processes' → **Sub-Process**
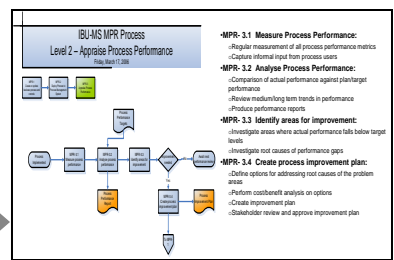
Process Owners responsible for definition to level that is generic across the Authority

Level 4 'Activities' → **Activity**

Controls can be at any level

Example: The Finance processes consist of the following main processes

Level 0

Example

Finance

Level 1

| 1 Budget Planning | 2 Manage cheques | 3 Contract Management | 4 Handle petty cash | 5 Revenue collection / cashier reconciliation |

Level 2

| 2.1 Prepare cheque | 2.2 Approve cheque | 2.3 Determine if budget is sufficient | 2.4 Issue cheque |

Level 3

| 2.2.1 Finance Director approves cheque | 2.2.2 GM approves cheque | 2.2.3 Financial Auditor approves cheque | 2.2.4 1 person from each group should sign on the cheque |

In mapping the processes we defined a business process as:

A specific ordering of work activities across time and place, (with a beginning and an end) and clearly defined inputs and outputs
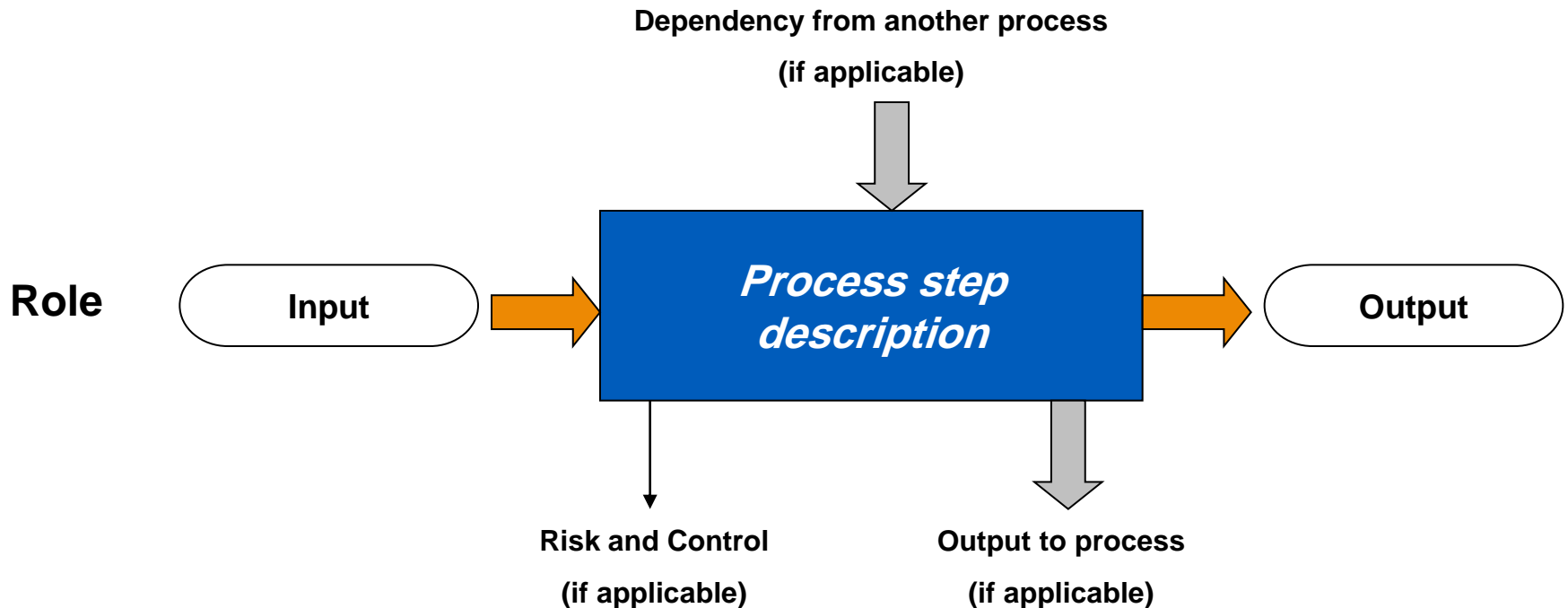
Dependency from another process

(if applicable)

Role

Input

Process step description

Output

Risk and Control

(if applicable)

Output to process

(if applicable)

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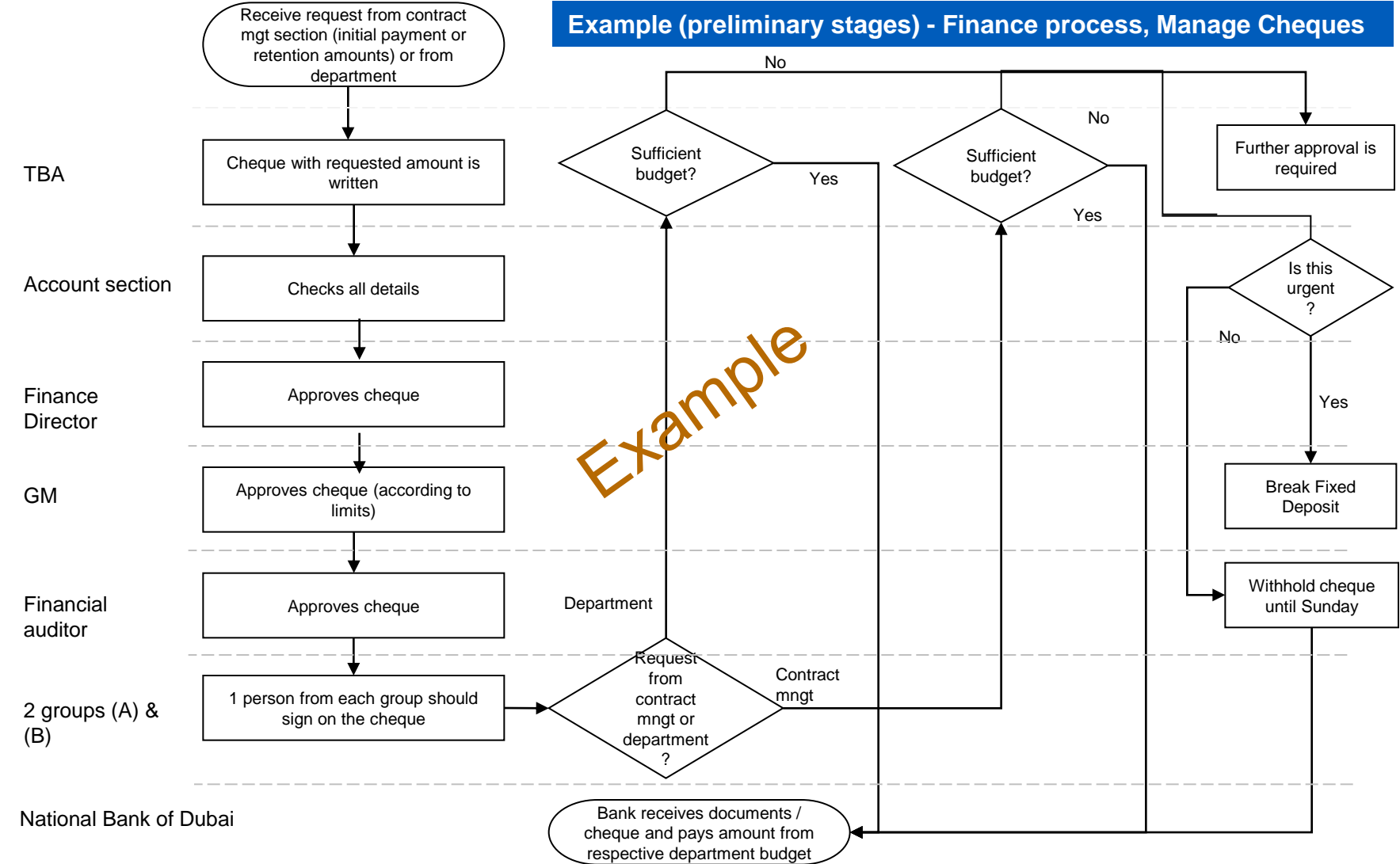Recruiting and Hiring As Is Map
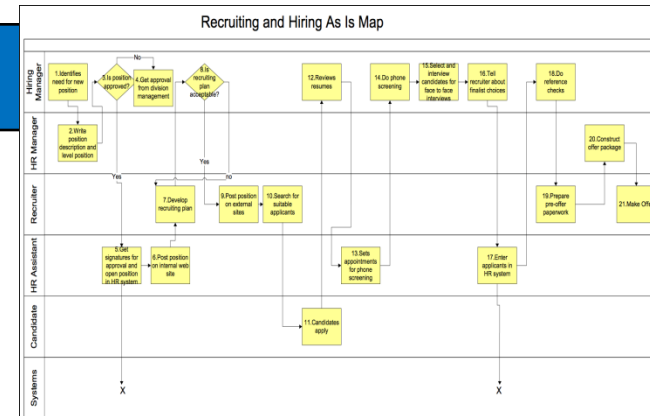
Phase 1: As-is process mapping

- Key objective was to establish the as-is processes before determining the re-engineering needs

- Most processes did not exist so we had to completely map them

- We have identified process owners for each of the Level 0 processes

- We have identified a champion for each process (usually part of the process owner's team)

We then developed the Level 3 process maps with the champions and the Authority's subject matter experts

Example (preliminary stages) - Finance process, Manage Cheques

TBA — Cheque with requested amount is written

Account section — Checks all details

Finance Director — Approves cheque

GM — Approves cheque (according to limits)

Financial auditor — Approves cheque

2 groups (A) & (B) — 1 person from each group should sign on the cheque

National Bank of Dubai — Bank receives documents / cheque and pays amount from respective department budget

Receive request from contract mgt section (initial payment or retention amounts) or from department

Sufficient budget? — No / Yes

Sufficient budget? — No / Yes

Further approval is required

Is this urgent? — No / Yes

Break Fixed Deposit

Withhold cheque until Sunday

Request from contract mngt or department? — Department / Contract mngt

Example

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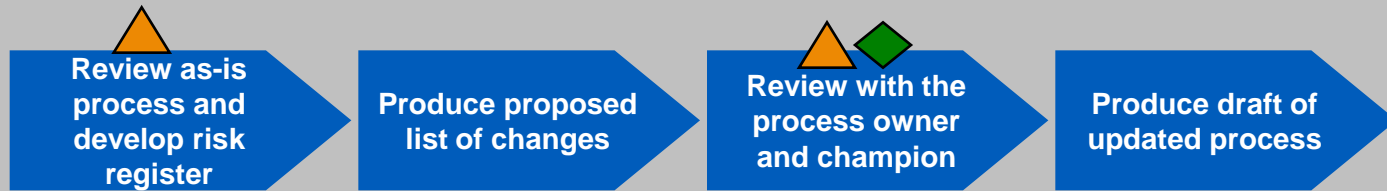
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Phase 2: Process re-engineering

The processes were re-engineered with the following goals:

- **Accuracy**

- **Efficiency**

- **Simplicity**

- **Clear roles and responsibilities**

- **Alignment with new organisation structure**

- **Reduction of risks**

- **Introduction of risk mitigation controls**

- **Alignment with planned new IT systems**

- **Introduction of good practices**

The re-engineering stage for existing processes consisted of 3 phases: analysis, validation, and approval
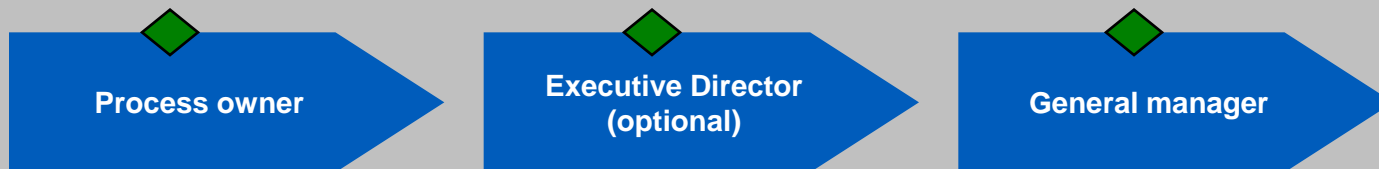
Phase 1: Analyze

- Review as-is process and develop risk register
- Produce proposed list of changes
- Review with the process owner and champion
- Produce draft of updated process

Phase 2: Validate

- Validate interfaces between processes
- Review with stakeholders
- Update processes and risk register

Phase 3: Approve

- Process owner
- Executive Director (optional)
- General manager

▲ **Champion involved**

◆ **Process owner involved**

Each level 3 process map was analysed in terms of risks, inefficiencies, and organisational impact

Process Step	Identified Risk	Identified Inefficiencies	Identified Controls	Impact from new organization	Proposed change based on Best Practice

No IT impact

Key interactions with other transition projects was essential

Project	Description

Project — **Description**

Organisation structure

- We have used the new organization structure in the process re-engineering analysis
- We provided input to org team on some functions' based on new/redesign/best practice processes in order to introduce the needed organisational and/or staffing requirements to support these processes
- The Organisation sub-project reviews all process maps to identify the department / section / position of each step

Function	Structure
Processes	**Re-organisation**
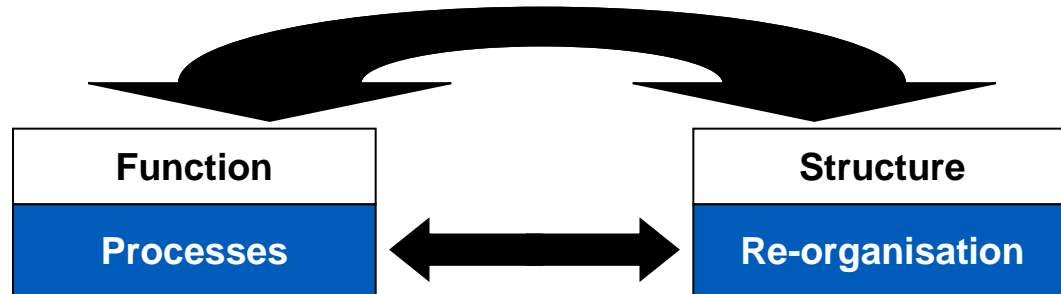
Customer Services / Asset Management / HR

- Provided expert assistance in reviewing the as-is processes and creating new processes

IT Implementation

- The processes have been analysed for impact from new IT systems. We should note that processes are at a relatively high level and will not be heavily impacted by system applications

Summary of the Business Process Re-engineering Project at the Authority

As-is processes

Total number of as-is processes = 137

Re-engineered processes

Total number of re-engineered processes = 215, of which:

> - Unchanged processes = 0
>
> - Minor changes = 26
>
> - Major changes = 75
>
> - Complete re-design = 36
>
> - New processes = 78

A Risk & Control Register was developed for all re-engineered processes

	Process Name	Sub Process Name	Process No.	Process Owner	Process Step	Identified Risk	Identified Controls
1	Manage Water Connection	Manage Water Connection	MWC_PRO_01		"Notify connection supervisor that extension is done" - by Distribution / Civil Engineer	Potential for omission or delay in updating records once the extension is finished. Lack of a formal process step ensuring that recording systems are simultaneously updated may result in an inaccurate record keeping impacting other processes and business units further down the line.	Include a process step where GIS is updated immediately after the connection is made.
2	Corporate Communications	Newspaper Announcement	CC_PRO_01a		"Prepare a letter outlining the need for the announcement" - by Secretary	Letter prepared by the wrong person (secretary). Any important points may be lost if the secretary is the originator of the letter.	Associate this step with the Media Officer as s/he is in a more senior position.

Example

The final deliverable is a Process Manual which contained the following:

1. **Process framework / methodology**

2. **All re-engineered processes**

3. **Risks and controls register**

4. **Processes management guidelines**

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Lessons Learnt for future similar projects

- **Setting realistic timelines**

  – Sign-off of processes was taking much longer than expected and required

  – Lack of preparation by client attendees prior to meetings resulted in unnecessary lengthy meetings

- **Validating all information from the client**

  – Input from business and support departments / sections can sometimes be confusing

- **Ensuring that key stakeholders are involved**

  – They need to attend the 'Process Owner review workshops'

  – Avoid going ahead with finalising the processes without input from key stakeholders

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