### Contents

Preface vii For CEOs Only xi Acknowledgments xii

# 1. Why Focus on Business Processes? INTRODUCTION 1

1

WHERE HAS OUR REPUTATION GONE? TODAY'S CUSTOMER HOW CAN YOU PROVIDE SURPRISINGLY GOOD OUTPUT? DON'T TRY TO MAXIMIZE PROFITS HOW DO YOU BRING ABOUT CHANGE? HARRINGTON'S CHANGE PROCESS CHART WHAT IS A PROCESS? PROCESSES VERSUS VERTICAL ORGANIZATIONS 13 MANAGING YOUR BUSINESS PROCESSES WHY FOCUS ON THE BUSINESS PROCESSES? 16 THE HISTORY OF BUSINESS PROCESSES BUSINESS PROCESS FALLACIES WHAT HAS HAPPENED TO OUR BUSINESS PROCESSES? IS BPI FOR YOU? WHAT IS BPI? THE FIVE PHASES OF BPI SUMMARY 94

## 2. Setting the Stage for Business Process Improvement

26

INTRODUCTION GETTING STARTED FORM AN EIT 27 APPOINT A BPI CHAMPION UNDERSTANDING THE PROCESS HIERARCHY EDUCATE THE EIT 31 LEADERSHIP BY EXAMPLE ONGOING EIT ACTIVITY DEVELOP A BPI MODEL IDENTIFY CRITICAL BUSINESS PROCESSES SELECT PROCESSES FOR IMPROVEMENT PRELIMINARY OBJECTIVES 42 OPERATING ASSUMPTIONS

3.

4.

ADDITIONAL READING

113

MANAGING BPI COMMUNICATIONS 43 SELECT PROCESS OWNERS 45 CONSIDER A PROCESS COORDINATOR 48 CONSIDER A PROCESS IMPROVEMENT FACILITATOR 48 PROVIDE JOB DESCRIPTIONS FOR PROCESS OWNER AND PIT MEMBERS 48 GENERAL MANAGEMENT RESPONSIBILITY 52 SUMMARY 53 ADDITIONAL READING 54	
Organizing for Process Improvement	55
INTRODUCTION 55 PROCESS OWNER EDUCATION 55 INITIAL PIT PLAN 56 PRELIMINARY PROCESS BOUNDARIES 56 BLOCK DIAGRAMING THE PROCESS 57 UPDATING THE OPERATING ASSUMPTIONS 61 TEAM STRUCTURES 61 SELECTING PIT MEMBERS 64 PIT ORIENTATION 66 TEAM TRAINING 66 UNDERSTANDING THE ASSIGNMENT 68 FINAL PROCESS BOUNDARIES 69 PROCESS OVERVIEW 70 PROCESS CUSTOMERS 72 EFFECTIVENESS, EFFICIENCY, AND ADAPTABILITY MEASUREMENTS AND TARGETS 74 WHY MEASURE? 82 PIT GOALS AND TIMETABLE 83 REGISTER THE PIT 83 SUMMARY 84 ADDITIONAL READING 85	
Flowcharting: Drawing a Process Picture	86
INTRODUCTION 86 WHAT ARE FLOWCHARTS? 87	
FLOWCHARTING OVERVIEW 87	
BLOCK DIAGRAMS 88	
BLOCK DIAGRAMING ACTIVITIES AND INFORMATION 94	
STANDARD FLOWCHART SYMBOLS 95	
ANSI STANDARD FLOWCHART 98 A SIMPLE BUSINESS PROCESS FLOWCHART 99	
FUNCTIONAL FLOWCHART 101	
EUNCTIONAL TIME LINE DI COMPANIA	
GEOGRAPHIC FLOWCHART 105	
TAKING AN INFORMATION-PROCESSING VIEW 108	
DATA DICTIONARY 110	
SUMMARY 111	

### 5. Understanding the Process Characteristics

114

INTRODUCTION 114 THE EMPLOYEE AND THE PROCESS 115 PROCESS WALK-THROUGH PROCESS EFFECTIVENESS PROCESS EFFICIENCY PROCESS CYCLE TIME PROCESSING TIME VERSUS CYCLE TIME COST 127

### 6. Streamlining the Process

130

SUMMARY

131

INTRODUCTION THE PRINCIPLES OF STREAMLINING 131 BUREAUCRACY ELIMINATION DUPLICATION ELIMINATION 138 VALUE-ADDED ASSESSMENT SIMPLIFICATION 143 PROCESS CYCLE-TIME REDUCTION ERROR PROOFING 149 UPGRADING SIMPLE LANGUAGE STANDARDIZATION SUPPLIER PARTNERSHIPS BIG PICTURE IMPROVEMENT 156 AUTOMATION AND/OR MECHANIZATION THE RIGHT MARRIAGE OF PEOPLE AND PROCESS 161 REAPING THE BENEFITS OF STREAMLINING SUMMARY 162

#### 7. Measurements, Feedback, and Action (Load, Aim, and Fire) 164

INTRODUCTION BENEFITS OF MEASUREMENT 165 UNDERSTANDING MEASUREMENTS 167 MEASUREMENTS ARE KEY TO IMPROVING 172 TYPES OF MEASUREMENT DATA PROCESS MEASUREMENT SYSTEMS THE HUMAN PROCESS FEEDBACK SYSTEMS 184 INDEPENDENT DATA AUDIT PROCESS REPORTING 186 POOR-QUALITY COST USING MEASUREMENT DATA 195 OPPORTUNITY CYCLE SUMMARY 200 ADDITIONAL READING 201

8.	Process Qualification	202
	INTRODUCTION 202  MANUFACTURING PROCESS QUALIFICATION 203  COMPARISON OF MANUFACTURING AND BUSINESS PROCESS  QUALIFICATION 204  IS BUSINESS PROCESS QUALIFICATION NECESSARY? 205  BPI LEVELS 206  DIFFERENCES AMONG BUSINESS PROCESS LEVELS 207  REQUIREMENTS TO BE QUALIFIED AT LEVEL 5 208  REQUIREMENTS TO BE QUALIFIED AT LEVEL 4 209  REQUIREMENTS TO BE QUALIFIED AT LEVEL 3 210  REQUIREMENTS TO BE QUALIFIED AT LEVEL 2 212  REQUIREMENTS TO BE QUALIFIED AT LEVEL 1 213  SCHEDULING A BUSINESS PROCESS REVIEW 215  ASSIGNING QUALIFICATION LEVELS 215  RECOGNITION AND REWARD PROCESS 216  SUMMARY 216	
9.	Benchmarking Process	217
	INTRODUCTION 217 THE BMP OVERVIEW 218 WHY USE BENCHMARKING? 219 WHAT WILL BENCHMARKING DO FOR YOU? 221 HISTORY OF THE BMP 221 TYPES OF BENCHMARKING 222 THE BMP 224 THE 30 STEPS TO BENCHMARKING RESULTS 233 INTERNAL BMP 233 EXTERNAL BMP 236 SUMMARY 245	
10.	The Beginning	246
	CONTINUOUS IMPROVEMENT PROCESS 246 CONSTRUCTIVE DISSATISFACTION 248 HARRINGTON'S WHEEL OF FORTUNE 248 PUTTING IT ALL TOGETHER 251	
Apj	pendix: Interview Guidelines	252
	INTERVIEWING SKILLS 252 GAINING RAPPORT DURING THE INTERVIEW 259 INTERVIEW TECHNIQUES FOR ACHIEVING HIGHEST-QUALITY INFORMATION 261 AFTER THE INTERVIEW 266	