In my last White Paper (“IT doesn’t matter – business process does”) I looked at the argument that there is an increased focus on business processes as IT becomes ubiquitous and a cost of doing business rather than a source of competitive advantage. I said that I’d look at what constitutes a “good” process (Deliver something of value to the customer of the process, Create value for the enterprise operating the process, Align with corporate values and strategy), but it is also worth looking at the not-so-good (the “bad” and the “ugly”). The truth is that understanding the enterprise’s processes is the key to gaining accurate insight into what it is doing now, how it is operating and responding to customer demand and - most important of all - what processes might be changed or modified to improve performance. And it’s in order to meet this crucial objective that the notion of the Good, the Bad and the Ugly - applied to business process - comes in. It’s a concept I’ve used before, but is no less relevant right now.

The 1966 movie The Good, the Bad and the Ugly told the story of three men seeking a fortune in buried gold, the catch being that each of them knew part of the puzzle but needed one another to find the prize. In much the same way, an organisation has many different processes that work together in harmony to deliver the products and services customers need (the gold). Your business processes can similarly very usefully be categorised into ‘The Good’, ‘The Bad’ and ‘The Ugly.’ Why might you want to categorise them in this way? Simply because doing so can be an astoundingly powerful and effective way of identifying areas where you can make changes for the better.

**EFFICIENCY AND EFFECTIVENESS**

One thing that Process professionals tend to do (as with many other professionals) is blind you with jargon: we’re just particularly good at it – “ Lean”, “Six Sigma”, “BPM”, BPMN”, “Kaizen” etc. etc. What is critical, however that any approach to performance and service improvement looks at two dimensions:
Unfortunately, many process improvement interventions can often be very inward looking and are often driven by cost reduction requirements, i.e. looking at the efficiency of processes and taking out waste / outsourcing, rather than value enhancement. If you look at the diagram below, you can see why: most of the cost reduction and outsourcing opportunities are at the support level, where the focus is much more on efficiency. At the governance level, however, it is absolutely critical to be effective, but the efficiency can often be secondary – after all you can’t really outsource your Board and Senior Management teams (much as many would like to!).

So what is a good process? As well as my overview at the start, the litmus test is that ultimately all processes must both deliver the right things to the right people at the right cost in the right time (i.e. doing the right things in the right way), but this is especially true for your core processes that are (as I argued in my last White Paper) the lifeblood of your organisation.
In the short term, you can get away with “bad” processes, i.e. doing the right things badly or the wrong things well, but in the long term you will fail. If, however, you’ve got “ugly” processes, i.e. you’re doing the wrong things badly – drastic action needs to be taken or you will not survive.

**SOME EXAMPLES**

**The Good:** World beating companies such as Apple, McDonalds, Amazon, Tesco and Walt Disney are all renowned for their satisfied customers, built on a clear strategy & focus, performance based culture, flawless execution and fast & flat structure. From a process perspective, the key elements identified are all aligned to the corporate value and strategy and deliver value to the customer of the process and to the enterprise operating the process: “doing the right things well”.

**The Bad:** There are two types of “bad” processes (see diagram on the previous page), so I’ll start with the type that most people focus on: inefficient processes. A good example of this: is utilities digging up the road to put their cables or pipes in – it may be effective for the utility, as they can schedule in the works to best meet their requirements. It would be much more efficient (and cause less delays and disruption) if the road was dug up and multiple utilities were laid at the same time: the unit cost of digging up the road would go down dramatically. The other type of “bad” process is an ineffective one – here I’d like to point to the trend for outsourcing call centres to different countries (off-shoring). This is often driven by the need to take cost out of a process (i.e. increase efficiency), but if the end result is customer dissatisfaction, then your performance will take a dive and could result in lower revenues as customers defect. Interestingly, it seems that a lot of call centres are relocating back “on shore” as the need to retain customers is recognised.

**The Ugly:** This is where you really need to take drastic action. An example is the traditional “product push” process, where companies decide what they think their customers would like and develop a product in isolation before trying to sell it. In today’s rapidly moving competitive environment, this is a recipe for disaster: you can’t deliver the wrong things badly and hope to survive (unless you’ve got a particularly benign economic climate or a monopoly of supply).

**SO WHAT?**

This analysis is all very well, but you need to use it to produce action. Looking at business processes may seem an abstract concept, but they are the heartbeat of your business – if they are not working well in the long term, your business will fail. Ultimately the solutions will be to take appropriate action to optimise the good, improve the bad and eliminate the ugly. All of this must, however, be considered in the wider context of the value chain - after all, value chain collaboration can be a powerful catalyst for achieving transformational improvements for all. An action plan based on firm analysis is vital to ensure that you have good processes – remember that at the end of the film the good guy did get the gold, but the only way he could do so was by working with the bad guy and the ugly guy until he could outwit them and prove himself supreme.

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ABOUT US

Performance through Process helps organisations to deliver lasting Performance & Service Improvements to their operational processes by deploying our unique process maturity model. We only use seasoned and approved process consultants and apply a rigorous governance structure honed over numerous successful process improvement projects.

- Our Performance & Service Improvement approach and low overheads gives you market beating rates and the governance you would expect from the big firms. **We understand that you want added value at a competitive price.**

- We can offer you genuine objectivity and integrity through our experienced consultants and by providing you with a full service facility through our partnerships with complementary organisations. **You can trust us to deliver - reliably and time after time.**

- We will work with you and for you: we see ourselves as an extension of your team, working alongside you and challenging you, but always with the end goal in mind. **We aim to be your first choice for pragmatic, trusted advisers.**

A recent process reengineering programme applying these techniques to the “Order to Cash” process for Airwave Solutions Limited (the UK’s prime communications provider for our emergency services) delivered: a tripling of customer satisfaction; integrated systems; a single source of truth for products, prices and orders; significant backlog of orders cleared; centre of excellence for order handling; a new process dashboard; £Ms of additional revenues (and still rising). As Chris Elliot, Transformation Director, Airwave Solutions Limited said:

“This cross company re-engineering initiative focused on developing a best in class, end-to-end Order to Cash process. The team moved quickly to build an effective plan, develop the deliverables and activities, and most importantly, delivered early quick wins and longer term benefits that had a tangible improvement to the bottom line and customer satisfaction.”

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