Achieving Business Excellence through Lean Process Management

Adam Bennett, June 2009

Business Processes

Companies everywhere are full of people busy doing "things". Doing things uses resource and money, with the desire that when these things, or activities, are strung together into processes they deliver value to a customer either internally or externally. Understanding, prioritising and improving key processes is therefore critical to customer satisfaction and financial success.

However, many companies do not understand their processes, or know which are critical or a priority for improvement. Many do not even know what processes exist or should exist in their organisation, let alone how they are adding value to the business.

Traditionally businesses are organised into functions based on skill or groupings of similar activities. Many functions, however, cannot demonstrate the value they add to customers because their activities are distant from a customer interface or require input from other functions to create value. Some businesses have not even developed the customer focus culture to understand their direct customers' and suppliers' needs, and often no-one in the business really understands the processes that run through functions from end to end.

This lack of knowledge, ownership and management of business processes leads to the generation of significant levels of waste, work that is not adding value, or worse, destroying value created by others, resulting in cost and poor customer satisfaction. Where companies have measured, they have found that there can be over 30% waste in their processes. This can be in many forms including rework of defects, confusion, unnecessary bureaucracy, waiting, transportation, over processing and pulling in different directions.

Lean Process Management

Lean Process Management is a strategic approach to driving up the performance of key business processes and systematically removing waste from across the business. It is based on a strategy of defining, understanding, improving and embedding process in the organisation. Whilst the concepts of waste and process are reasonably simple to grasp, achieving effective and sustainable improvement requires a number of different dimensions to be developed and delivered. The ideas of lean and process management are not new; Jones and Womak wrote a book back in the early 1980s that still remains a definitive study of lean and process improvement. Since these early days many companies have successfully implemented such programmes including Toyota, Ford, Tesco and Caterpillar.

Programme Approach

Figure 1 shows the different aspects of an effective programme to achieve process excellence in an organisation. This model has been developed by ThinkingProcess through experience in delivering such programmes, and covers 4 key delivery areas.
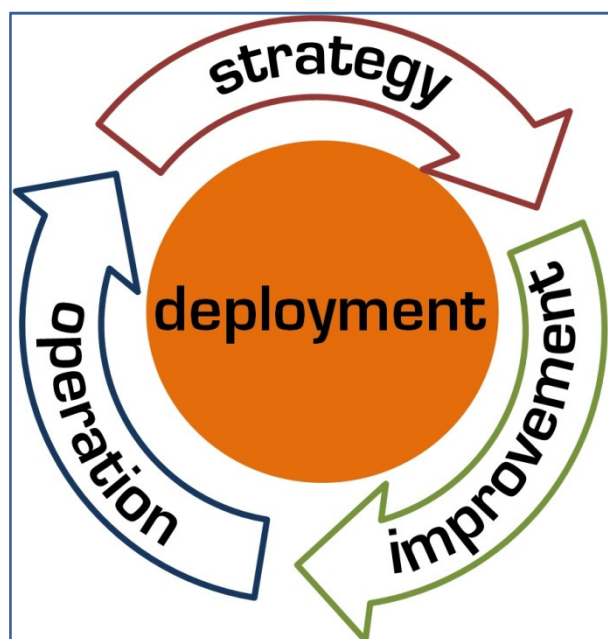
Figure 1

Strategy:

This element is the development of the corporate and strategic context of the programme that provides the objectives and priorities for business improvement. Areas include

- Development of goals and strategic objectives
- Development of KPIs and scrorecards that provide lead and lag indicators of performance
- Definition and integration of business structures, particularly corporate level process models, and their integration with organisation ownership

Improvement:

This element is the management and delivery of a focused and aligned portfolio of improvement projects, focused on identifying, improving and embedding prioritised process improvement across the business. Improvement includes:

- Managing a portfolio of projects
- Project methodologies
- Project Management
- Principles and tools for process improvement
- Business Change

Operation:

Operation is the integration of process orientation into the business-as-usual operational delivery of the business, required for successful embedding of improvements and ongoing continuous improvement. Operation themes include:

- Customer focus
- Process Management
- Centres of Process Excellence
- Continuous Improvement

Deployment:

Deployment is the overall programme management of the process lifecycle covering:

- Overall programme sponsorship, management, review and continuous improvement
- Development of peoples roles and skills through different phases of the lifecycle
- Development of culture and communications programmes to embed process into the DNA of the organisation
- Implementation and use of maturity models and benchmarking
- Deployment of technology to capture and manage the programme elements

Typically a Lean Process Management Programme would start with an assessment of the business to provide insight into where key business challenges and processes exist and whether improvement or lean activity is already present in some areas. A central team might then be established to launch the programme, developing the enablers, whilst delivering some early projects to act as examples and engagers, as well as delivering benefits. As the programme matures decisions can be taken on whether to retain a central guiding team, or deliver the programme in the line through engaged and capable process owners and operators.

Technology Support

There is a maturing set of software tools that can provide valuable support to and visibility of process improvement programmes, particularly in the areas of:

- Process definition, storage and integration with other architectures (e.g. organisation charts and systems)
- Process automation ranging from simple design and automate tools to high end tools such as Oracle
- Strategy execution covering the definition and flow down of corporate and business objectives, and integration and management of the programme and project activities

These can be identified and selected based on the value they may add to a programme at different stages of its implementation.

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