

PROCESS STANDARDISATION BUILDS NEW, BETTER, LOW-COST SERVICES



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The main reason for establishing shared services is achieving more efficient service delivery, reflected in cost advantages as well as in higher quality. To realise and deliver these three key benefits in a transactional environment it is important to look at business processes.

For my literature review on the Postgraduate Certificate in Shared Services, I chose to explore the business process change associated with change management in transaction and administrative environments.

This matched with a particular project I had been working on and, with the benefit of hindsight and academic evidence I was interested to find out:

- Why is it important to consider business process changes?
- What the hurdles might be in changing business processes?
- How can we look at overcoming hurdles to changing business processes?

New, better, lower-cost way of working

The main reason for establishing shared services is achieving more efficient service delivery, reflected in cost advantages as well as in higher quality¹. To realise and deliver these three key benefits in a transactional environment it is important to look at business processes.

A business process is described by as “how an organization does its work – the set of activities it pursues to accomplish a particular objective for a particular customer, either internal or external”².

Therefore the way in which a shared service or collaborative working/transformation project carries out its work through its business processes will play a big part in the impact it can have on quality of service, cost savings and quality.

So what is a good or efficient business process? The value in transactional shared services comes from processes that are delivered in a timely, accurate and standardised

manner³. Therefore if a business process is to help drive excellent service delivery, reduce costs and improve quality it must deliver in these areas.

My research led me to the work of Mustafa Ugan, a Turkish academic working in the field of process documentation.

Bring on the Process Masters!

Ugan points out that the different way in which employees perform tasks, means there are variations in output, when these processes should be looking to deliver consistent quality.

Ugan is emphatic about the importance of engaging existing employees in the business process change activity, rather than presenting them with an already finished process. He also suggests that the best performers in the process - calling them *process masters* - should be identified and harnessed in the change journey.

In his 2006 paper he wrote⁴:

‘Consistency in operations is necessary for an organization's survival and growth. It is difficult to achieve consistency because of the employees' different ways of performing the same task. Employees' education, experience and skill levels determine their own styles and differences in their styles cause variations in process output.

If a process master's (best performers in a process) ways of performing their own tasks can be well documented, then a company will be able to standardize its operating procedures in their best forms. And, when employees follow these procedures, variations will be minimized and best quality products or services will be offered to customers.

³ Meijerink et al, (2012)

⁴ Mustafa C. Ugan, (2006) "Standardization through process documentation", *Business Process Management Journal*, Vol. 12 Iss: 2, pp.135 - 148

¹ Gil-Garcia et al, (2007)

² Davenport, (2005)

Once best practice processes and standardisation are in place, it must be maintained and measured.

However, documenting such procedures is far from easy. The purpose of this paper is to propose a step by step framework on how to create process documents for standardization purposes.

Ungan identifies 7 key steps for creating standardised best practice processes:

1. Identify the process - what is its purpose and what is the desired outcome?
2. Identify the process master who will lead and manage the change activity.
3. Build a team to work with the process master that are capable of delivering the change activity
4. Define the process and break it down into identifiable and manageable steps
5. Acquire knowledge and understanding for each of the steps - how do/will the need to work to deliver on the desired outcome
6. Codify and verify the knowledge and understanding so that it can easily be understood and followed by those who will do the job on a day to day basis
7. Combine and place in a common form and way of working

If it can't be measured, how do you know it is happening?

Once best practice processes and standardisation are in place, it must be maintained and measured.

This can be done through establishing key performance indicators (KPIs) and service level agreements (SLAs).

KPIs measure the productive capacity and performance of labour whereas SLAs govern the level of service a customer can expect to receive⁵.

KPIs and SLAs can also be used to continue engaging people in the overall goals. Quite often departments will ensure that these are openly and visually displayed in offices and are regularly updated, thus supporting the engagement of employees.

So what will I do differently?

When I am next involved in re-reviewing processes, I will work with colleagues to follow the Ungan steps.

I will involve key knowledge holders (process masters) and representatives from all the teams to be involved from the start to finish of the life of the project.

Communication is also a big factor and my research emphasised the importance of keeping stakeholders up to date with progress and developments, in many different ways - not just by email.

I will also look in detail at how we establish and agree KPIs and SLAs for the process teams to work on.

Process change is complicated but if managed properly can significantly impact on a shared service or collaborative transformation's ability to deliver an effective service as well as higher quality, reflected in cost savings. Existing employees are one of the most important factors to consider.

We should be aiming for commitment over compliance with process change. This can be achieved through engagement and involvement combined with strong communication and leadership from managers.

⁵ Halcroft et al, (2012)