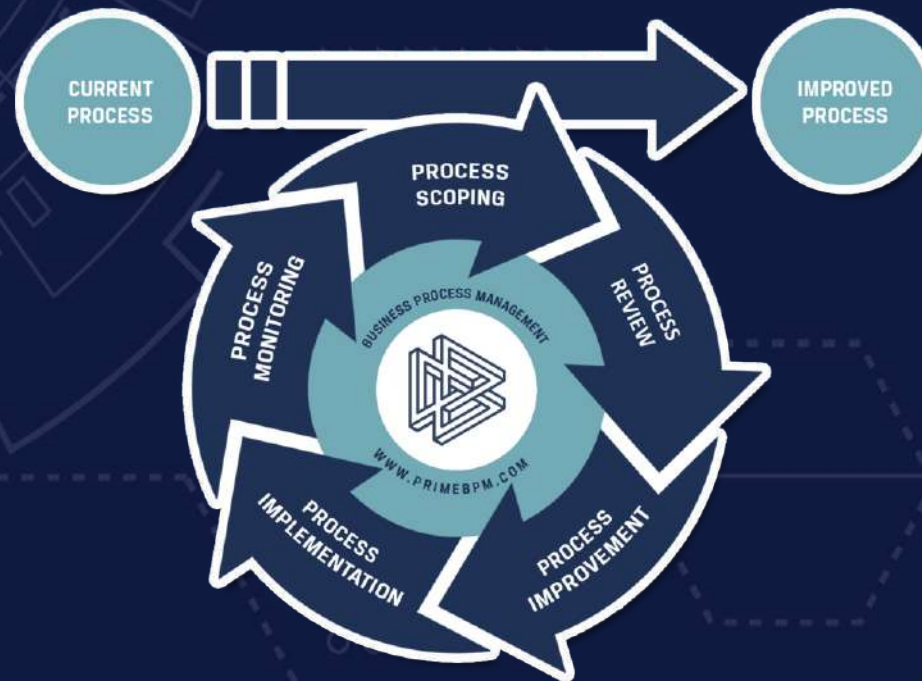




PRIME
Business Process Management

5 EFFECTIVE STEPS FOR CONTINUOUS IMPROVEMENT



A BUSINESS IMPROVEMENT METHODOLOGY THAT WORKS

A Complete Guide to the PRIME Business
Improvement Methodology

-By **Bernadette Kropman**
Co-Founder, PRIME BPM

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DEDICATION

To my business partner - you made my brain stretch beyond my self-imposed limits! Here's to you and our journey!

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PREFACE

Welcome to the e-book - A Business Improvement Methodology that Works - A Complete Guide to the PRIME Business Improvement Methodology.

For over a decade, I have seen a common pattern, organisations falling off the business improvement journey at various stages. Some early, but some much later when a lot of time and money had been invested.

As an analyst myself, it comes as no surprise that my business partner and I started analysing this pattern with an aim to discover why it is so.

The key cause became clear. It was the lack of a proven, robust, end-to-end and simple to follow Business Improvement methodology.

The purpose of this e-book is to provide you and your business improvement team a methodology to identify, map, analyse, improve, implement and monitor business processes. In addition, a method to embed a process centric, continuous improvement culture into the organisation.

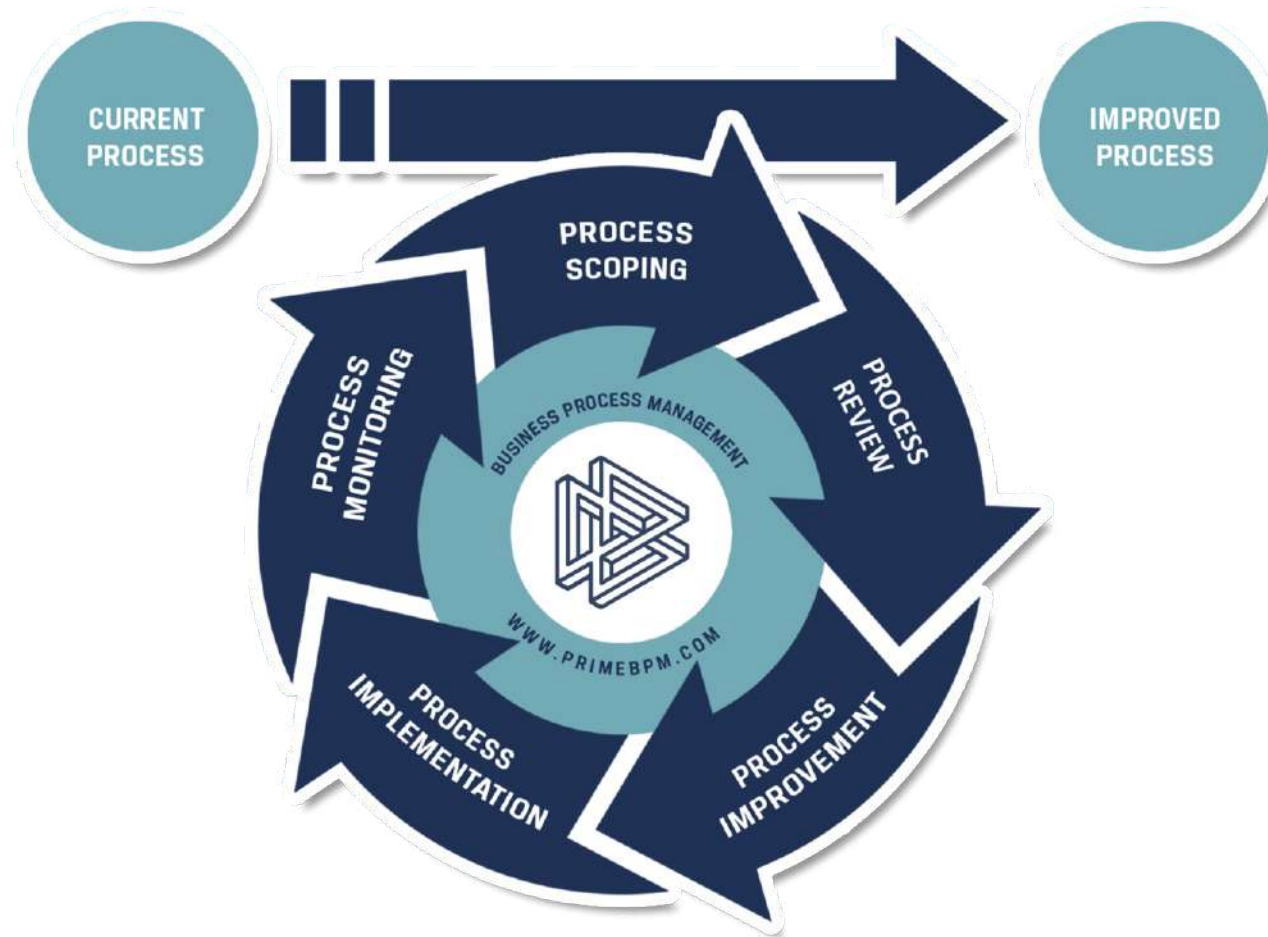
This e-book can be used as a guide to step you and your team through each phase so that all your team members are singing off the same song sheet.

I truly hope you enjoy reading this e-book and that it will inspire you to use your learnings to deliver quantifiable business improvement results in your organisation.

INTRODUCTION

This e-Book introduces the reader to the PRIME™ Business Improvement methodology. A methodology that guides you on how to identify, map, analyse, improve, implement and monitor business processes. In addition, it is a method to embed a process centric, continuous improvement culture into the organisation. PRIME™ is an acronym for Processes In a Monitored Environment.

The PRIME® methodology provides a practical method to achieve immediate business improvements, whether these are quality, cost reduction, or customer satisfaction focused. PRIME™ enables you to achieve such benefits by improving the organisation's current operations and by managing its smooth transition to the desired state.



The PRIME™ methodology consists of a systematic and structured approach and it is domain independent. It has been applied in many different organisations for over 15 years and consistently delivers excellent results.



Domain Independent

The PRIME™ methodology can be applied to any industry vertical, whether it is banking, insurance, production or service industry etc., our methodology delivers guaranteed business agility.



Systematic

The PRIME™ methodology is logical and efficient. All aspects of the preceding phase must be completed before the following phase can be undertaken. This ensures that no aspect of the business is overlooked.



Structured

The PRIME™ methodology is well planned, ordered and controlled. Each phase has set inputs and outputs, and the following phase can not be entered until specific outputs have been produced. This makes the methodology easy to use. PRIME™ provides a solid foundation for any business process improvement initiative.

PHASES OF THE PRIME™ METHODOLOGY

Process Scoping



Phase 1 - Process Scoping

Business processes are intangible; therefore most organisations find it difficult to establish an appropriate starting point for its improvement initiative. In addition, how can the team ensure that all business processes have been included in the review, or not duplicated as part of another business process?

Each business is different; hence developing the appropriate process scope is vital to effectively manage the initiative and to achieve maximum cost savings. The Process Scoping phase of the PRIME™ methodology requires the development of a Business Process Library.

The Business Process Library is a graphical representation of the organisation, or business area under review. It represents all the business processes, at various levels which are executed within that particular organisation business area.

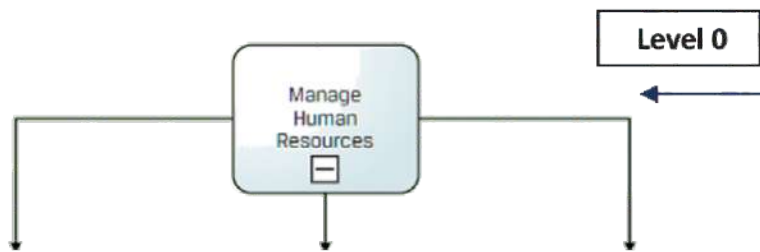
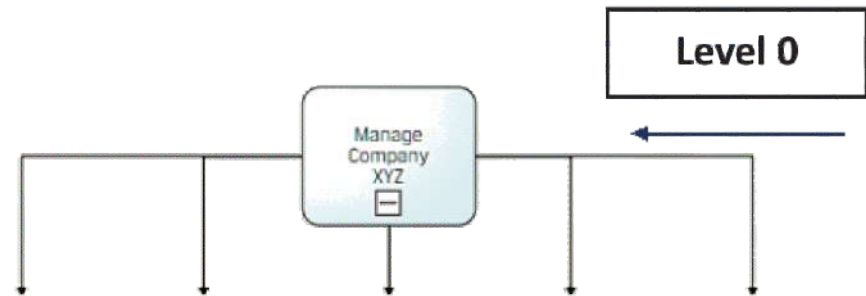
A Business Process Library can be developed by business unit, for example Corporate Finance or by value chain for a product or service, for example Disposal of Waste.

The business process library represents a hierarchy of business processes, reflecting the operations running in an organisation.

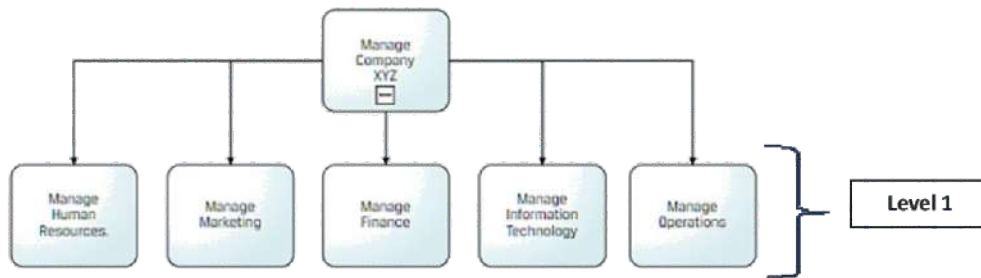
It is crucial to develop an accurate business process library as an inaccurate process library will cause cascading errors throughout the lower levels.

Level 0

Level 0 of the business process library always indicates the highest level of the organisation under review. For example, if your improvement initiative covers the whole organisation, then Level 0 is the name of the organisation. Below is an example.



If your improvement initiative is only covering one business area, for example Human Resources then the Level 0 is named Human Resources.



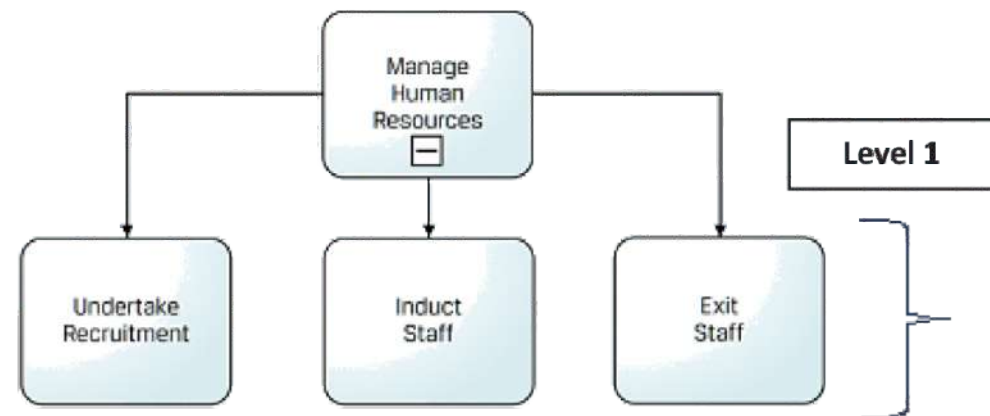
Level 1

Level 1 of the business process library shows the next level down in the organisation. If level 0 is the overall organisation, then the business functions are named as level 1.

You will note the use of verbs at the start of the business function. This sets the process library apart from an organisational chart at this level of the library.

If level 0 is the business unit Human Resources, then level 1 would denote process groupings. This of course will vary from organisation to organisation, because all organisations are somewhat different.

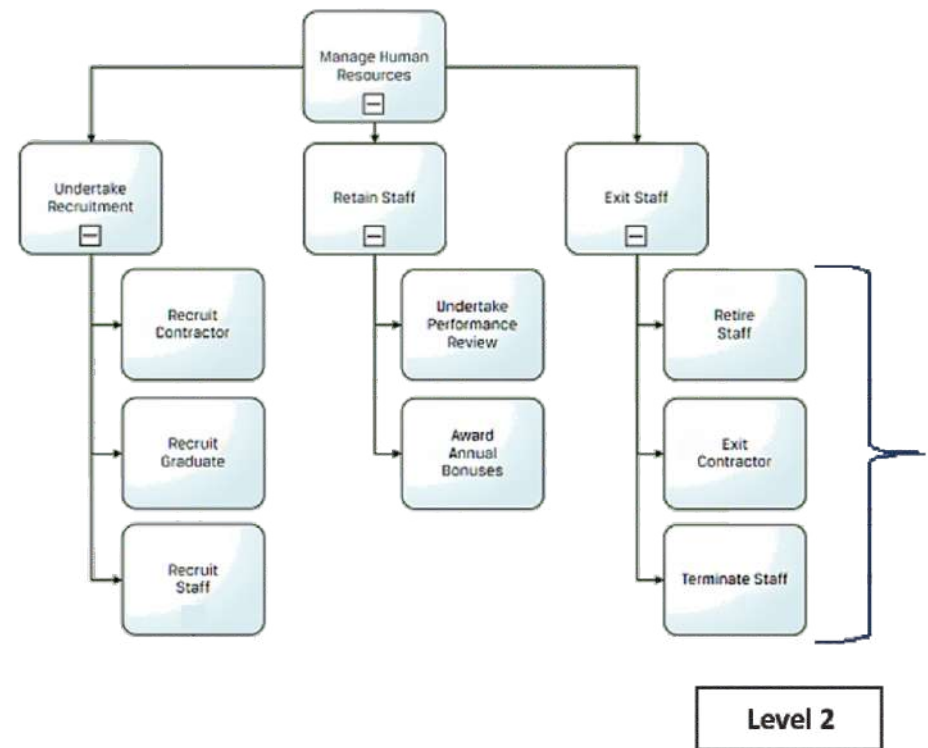
For the purpose of explaining the levels of the library, we will assume that Human Resources is level 0.

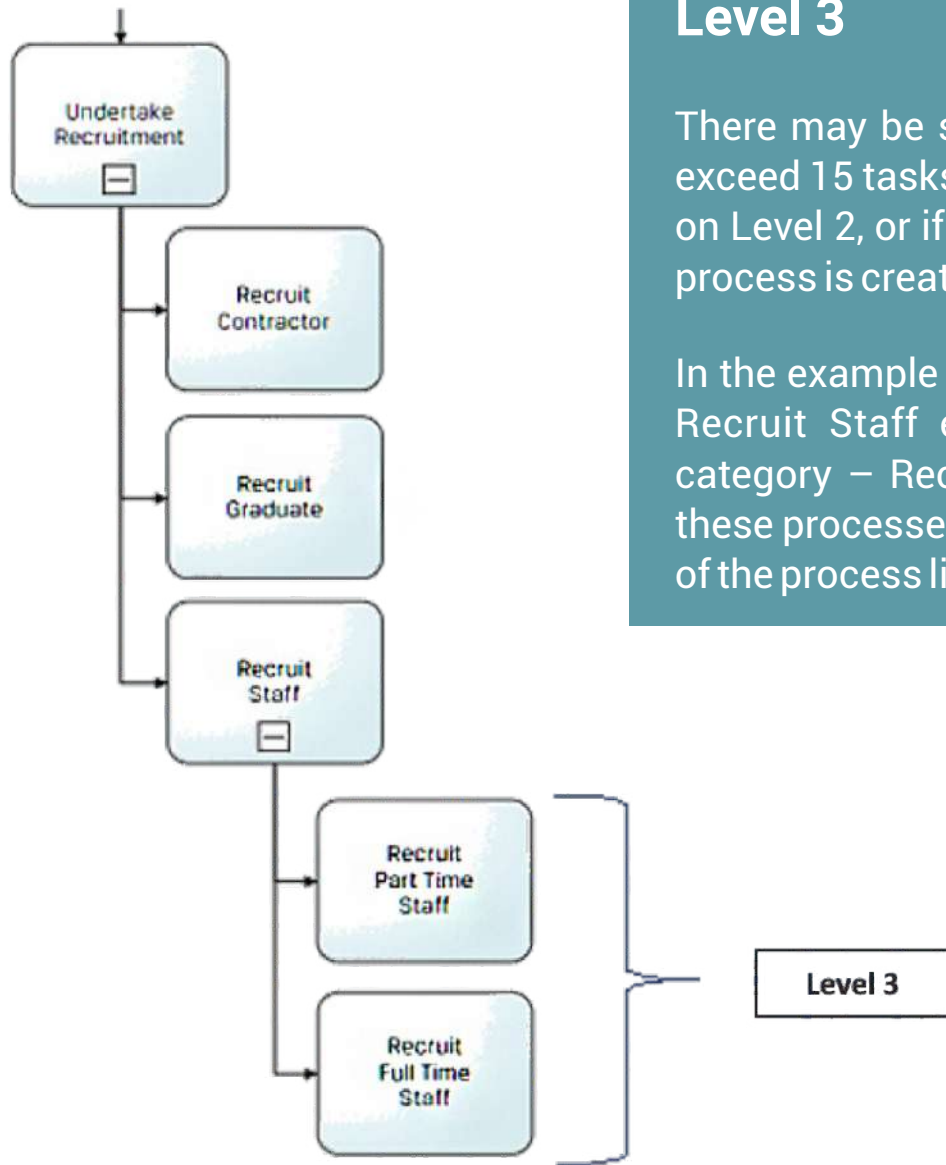


Level 2

The Human Resource library has now been dissected even further, dissecting each Level 1 into true business processes. A true process consists of between 5-15 tasks and sits just above the work instruction/procedure document.

There is some flexibility in this number. However if the process exceeds 20 tasks, the process needs to be separated into two processes and renamed. In the below diagram you will see that each Level 1 has relevant business processes grouped underneath it. Of course the names of these processes will vary from organisation to organisation.





Level 3

There may be scenarios where the process at Level 2 may exceed 15 tasks. In this case, either a new process is created on Level 2, or if it is a sub category of Level 2, then a Level 3 process is created.

In the example shown, you will see that the Level 2 process, Recruit Staff exceeded 15 tasks, and contained a sub category – Recruit Part Time and Full Time Staff. Each of these processes were 5-15 tasks, hence these set on Level 3 of the process library.

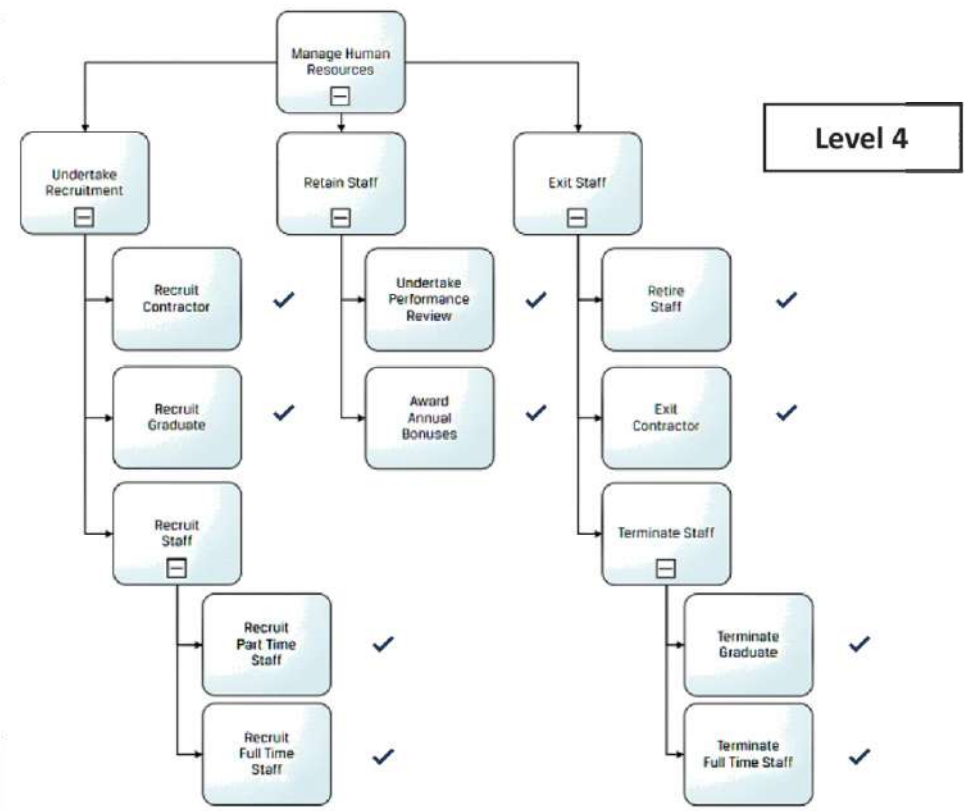
Level 4

Level 4 and Onward The same approach is followed to create subsequent levels. Process models are created for the lowest level of the process library and this could be various levels, depending on the dissection required. Hence you will note in the case of the below diagram, 10 process models would be created.

The outcome of the Process Scoping phase maybe one, or many business process Libraries. Based on this, the project time, project cost and the resources required to improve the business can be deduced.

At this time, the improvement team can also identify which business processes have a direct association with the organisations' bottom line and give the ability to prioritise which business processes require urgent attention.

In addition, the processes that add value to the customer can be identified and ensured to be optimal, efficient and of superior quality.



PROCESS REVIEW



Phase 2 - Process Review

The purpose of this phase is to understand how the organisation is currently executing its business processes. Depending on what the objective is of your improvement initiative is, will influence the information gathered in this phase.

For example, if the objective of the improvement initiative is cost reduction, then data on the duration of a task, staff cost, and overhead cost must be gathered in this phase. Therefore, it is key to be clear on your business process improvement objective first.

The business processes listed in the Business Process Library will be investigated to understand the use of the following attributes:



People

This refers to the role name/s fulfilled by staff members who perform the tasks within the business process.



Documents

It is important to capture the documents utilised during the execution of the business process, in order to maintain document consistency across the organisation. In addition, it provides an opportunity to transfer document information into information systems.



Applicants

It is important to capture if an application is or is not utilised during a process. When analysing the efficiency of the process we can see that a task may be able to utilise a system rather than be conducted manually. This helps to reduce the manual tasks involved in the process.



Tasks

A business process is broken down into a number of tasks to understand the flow of execution.



Issues

What are the current issues with this process.

Improvement Suggestions

How can the issues with this process be resolved?

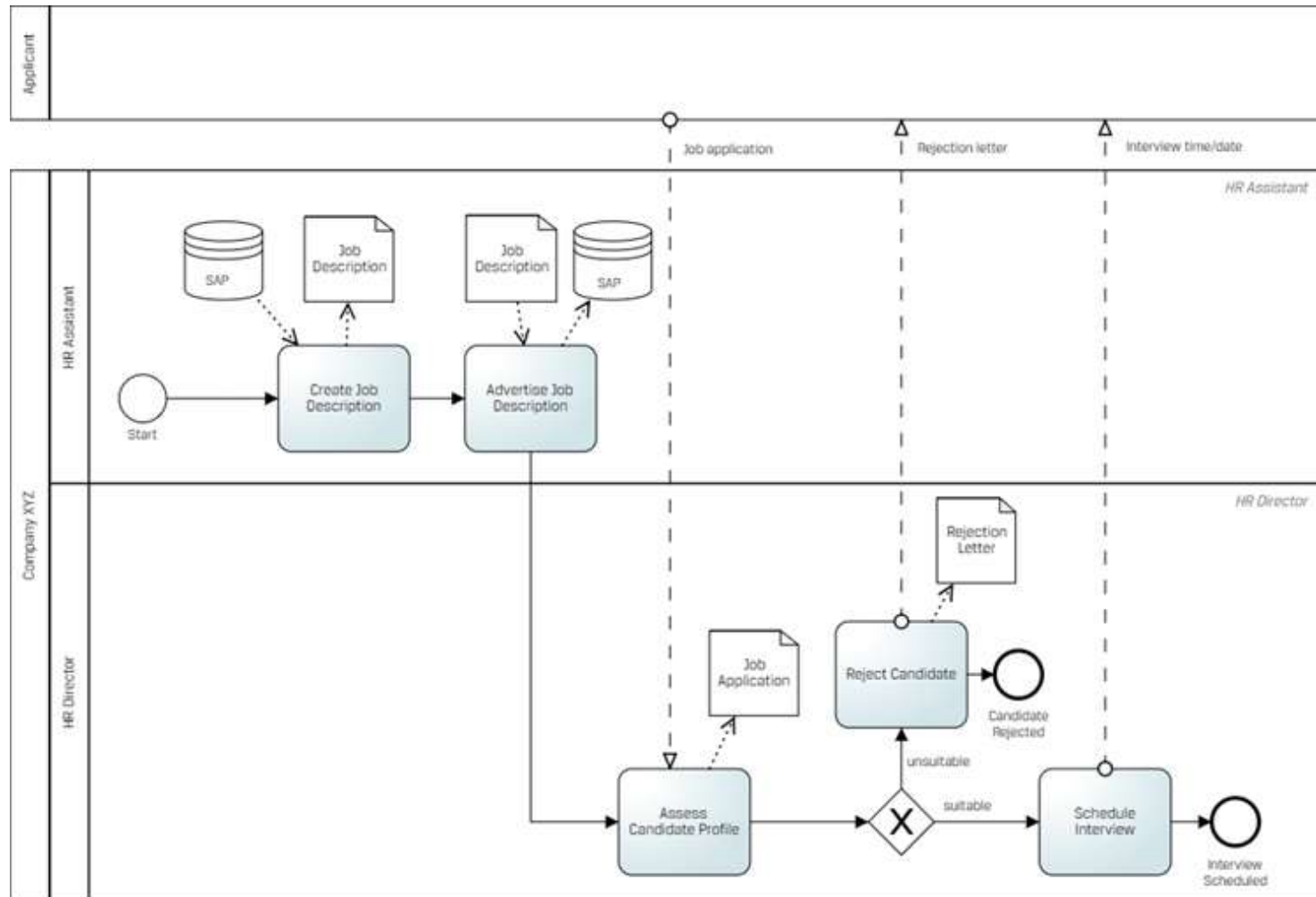
There are many other attributes that can be captured, for example business rules, task execution time etc. However, the first four attributes described above are a minimum, as this information is a must to manage the change effectively in the organisation.

In preparation of gathering this information, the Business Process Analyst refers to the created process library to identify the business processes that are at the lowest levels of the library(level 2 and 3 shown in the library above. The analyst will identify the staff who undertake these business processes in the organisation and interview them. They are referred to as process participants. The interview will focus on how the process is currently executed.

During the interview, the following information is captured:

- Tasks executed as part of the process
- Documents used to undertake the tasks
- Information systems used to undertake the tasks
- Roles performing the tasks
- Entities involved within the process
- Decisions made within the processes
- Events occurred during the process
- Issues relating the process
- Improvement opportunities relating to the process

Once the interview is completed, the information gathered is used to create a business process model. An example of a business process map is shown below.



The business process model is a graphical representation of the business process. It being a graphical format enables the easy sharing and discussion of the process. Hence process participants, owners and analysts can easily identify process bottlenecks and areas for improvement together.

The output of this phase is a current state business process report.

This report reflects how the process currently operates – the document is used as the base for business process improvement in the subsequent phase of the PRIME™ methodology. A current state business process report is created for each business process in the Business Process Library.

This Process Review phase is a very important phase and should not be missed. It provides organisational transparency.

Although it is time consuming, hence can be costly, there are a number of benefits that are derived from this investment. These are:

- Transparency of the organisation establishes a baseline for improvement.
- Easy process communication which results in better decision making.
- Understanding of the pain points/bottlenecks associated with the process.
- The ability to identify processes that are directly linked to revenue raising activities.
- Clarity where each process interfaces with another process – therefore an understanding of the impact on subsequent processes if a preceding process is changed.
- The ability to do a gap analysis between the current state and the desired future state. This in turn will aid in change management
- Etc.

PROCESS IMPROVEMENT



Phase 3 - Process Improvement

This is the phase where the organisation starts to see results. Using the issues and improvement opportunities gathered in the Process Review phase, the current business processes are redesigned.

Examples of the types of improvements that may be made are:

- Merging two or more processes
- Replacement of a process
- Reassigning a business process or tasks to another role
- Removing non value adding tasks
- Automation of business process
- Etc.

All the improvements are designed to achieve:

- Cost reduction
- Value addition to the customer (revenue protection)
- Transparency
- Efficiency
- Optimisation
- Standardisation

This is a highly consultative phase as it is important that the newly developed processes are practical and align with organisation's vision and strategies. It is also important to gain support for the change from operational and managerial staff.

The output of this phase is a future state process report for each business process. Content of this report includes the new Business Process Library, an improved business process, and any other attributes.

A RACI chart, or supporting business rules are some examples of attributes that you may wish to support your business process with.

Below is an example of business rules:

BUSINESS RULES	
1	Storage of payment details to comply with General Retention and Disposal Schedule. (GRDS – 5 years)
2	Customer setup in SAP must be completed when a project is created in SAP not when a customer is invoiced.
3	External customers are to be invoiced as per the terms and conditions agreed to in the contract.

A RACI chart describes the roles and responsibilities of people in relation to various tasks. The chart splits each task up into four participatory responsibility types and are then assigned to various roles. The responsibility types making up the acronym RACI are as follows:

- **Responsible** – Those who carry out the task
- **Accountable** – The position ultimately responsible for the correct completion of the task
- **Consulted** – Those whose opinions are sought if a task is to change
- **Informed** – Those who are kept up-to-date on progress or task changes

An example of a RACI Chart is illustrated below.

TASK	RESPONSIBLE	ACCOUNTABLE	CONSULTED	INFORMED
Generate Salary Costs	Support Officer	Director	Director	-
Determine Billing Accuracy	Director	Director	Project Manager	Support Officer
Generate Billing Information	Support Officer	Director	-	Project Manager

The Process Improvement phase also includes the completion of all improvement work packages. Improvement work packages are the improvement activities that need to be completed to make the desired future state business process a reality.

For example, a work package may include the development of document templates, systems enhancements or the development of training manuals.

In this phase Key Performance Indicators (KPI) are also set. These indicators are referred to once the new process is live, to see if the change is effective.

The KPI for a recruitment process maybe, x amount of hires must be made each month.

In this phase, it is also important to note down what the current KPI is for a process. This enables a comparison once the new process is implemented.

During this phase, there is heavy consultation with management to prioritise the work packages according to budget and time constraints, and the setting of the KPI's.

PROCESS IMPLEMENTATION



Phase 4 - Process Implementation

During this phase, the improved business processes are implemented across the organisation. Although implementation is the fourth phase of the PRIME™ methodology, change management techniques have already been used in previous phases. As operational staff have contributed in previous phases to the business improvement initiative, at this time operational staff are eagerly awaiting the 'reality'.

At this time, the new Business Process Library and the future state business process reports are published, hence made public.

Simply publishing this information is not sufficient to transition the business. The PRIME™ methodology includes the hosting of process awareness sessions. Individuals who execute the enhanced business process are invited to attend the scheduled awareness sessions to gather information as to how the process should now be executed.

During these sessions, operational staff are explained the new process and any questions can be answered. In addition, the location of all supporting information is advised e.g. business process reports, document templates etc.

The Implementation Phase is reiterated until there is substantial evidence that the new processes have become second nature to staff.

For this reason, the Process Implementation and the Process Monitoring phases are at times, executed in parallel.

The output of the Process Implementation Phase is the 'go live' of the enhanced business processes and the transition of the business to an optimum operational state. This transition should be in line with the business process improvement objective, agreed upon at the start of the initiative.

PROCESS MONITORING



Phase 5 - Process Monitoring

After Process Implementation is complete, process adherence and KPIs needs to be monitored. To monitor process adherence, the process monitoring measures need to be set. In simple terms, what exactly will be monitored to ensure that people are adhering to the new process.

The example is on the next page:

MONITORING MEASURE	PURPOSE OF MEASURE	POSITION ACCOUNTABLE	MONITORING FREQUENCY	CONSEQUENCE MANAGEMENT
Compilation of Missing Timesheets Reports	To ensure timesheets are being completed regularly.	Business Manager	Monthly	On completion of audits, Business Managers must report to each Branch Director/Unit Head on results/trends. It is then the responsibility of the Branch Director/Unit Head to manage any negative results/trends, take corrective actions and/or escalate any significant issues to the Executive Director if required.

If a concerning variance exists, for example only 60% of staff are submitting timesheets by the desired deadline, the improvement team investigates the reasons for non-adherence. For example, the team member may find that the prescribed process has not reached the full audience, or that the process prescribed is not completely suitable. As a result, the team member may extend the period of process implementation or make minor adjustments to the process.

In this phase the team member will also measure the new process against the KPIs of the old process. You may recall setting these KPIs in the improvement phase. Is the new process exceeding the old KPI? Is the new process hitting the desired new KPI? If not, why? As a result, the team member may make minor adjustments to the process.

KPI	TARGET KPI	CURRENT KPI	PREVIOUS KPI	ABOVE/BELOW TARGET
Resumes assessed per month	30	28	17	Below
New hires per month	3	3	1	On target

To achieve continuous business improvement, in this phase, the improvement team member will also:

- Monitor external business drivers that will compel process change
- Regularly seek staff input for possible process enhancements
- Regularly analyse business processes for improvement opportunities

After completing all the phases of the PRIME™ methodology, the methodology will be applied again – that is, stepping through the cycle of analysing, improving, implementing and monitoring business processes. This cyclical approach embeds a process centric, continuous improvement culture into the organisation.

THANK YOU!

I hope you have enjoyed reading this eBook as much as I have enjoyed sharing my passion.

If you have an extra moment, do follow us on LinkedIn:
<https://www.linkedin.com/company/primebpm> to get expert one-minute BPM tips and latest information on business process improvement.

As you can imagine, it is not a small task to write an eBook. So, if you wish to share this eBook with someone, you are most welcome to do so. However, rather than forwarding it, please request them to visit our website www.primbpm.com to download it.

Thanks again and I wish you an agile and productive future!

BERNADETTE KROPMAN

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ABOUT THE AUTHOR

Bernadette Kropman is a Business and IT professional, Business Manager, BPM Coach, and Co-founder of a BPM Consultancy and software tool. She has 20 years of business experience, of which 15 years has been focused on the use of Business Process Management to achieve continuous business improvement.

Masters educated at the Queensland University of Technology, Bernadette's career started out as a Business Process Analyst and she naturally climbed the ranks. With over 100 improvement initiatives under her belt in a variety of industries, she has lead and undertaken these with large corporates such as Vodafone, GE, BHP Billiton, AMP, Rolls-Royce and various local, state and federal government departments.

She is passionate about Business Process Management, continuous improvement and is the co-founder of PRIME© - an improvement methodology that incorporates, components of Lean, Six Sigma and BPM. She co-founded PRIMEBPM©, the cloud-based software tool. PRIME© is used in several government organizations and large corporates, enabling independent continuous business improvement.

Bernadette spends her time enabling others to undertake or perfect their business improvement aspirations. She is a driver of effective and efficient business operations and passionate about the application and implementation of IT in business.

Bernadette lives in Brisbane, Australia with her husband. Her hobbies include cooking, scuba diving, hiking and travel.

Learn more about the author : <https://www.linkedin.com/in/bernadettekropman/>



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CONTACT US

info@primebpm.com

www.primbpm.com

