

High-Yield Methods

for customer-aligning business strategies, process & technology

Visual Workflow

The first process improvement approach designed for office environments

Revision 5.2

High-Yield Methods
585 Heinel Drive ♦ St. Paul, MN 55113
V: 651.483.2067 ♦ F: 651.483.0047
info@h-ym.com ♦ www.h-ym.com

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WHAT IS THE "OFFICE" WORKPLACE?

Before describing Visual Workflow, we should take a moment to discuss how we define the "office" workplace.

Inclusively, "office" refers to:

- Managerial, supervisory, staff and administrative work—including sales, marketing, customer service, order-entry, HR, legal, finance, purchasing, accounts receivable, accounts payable and all other white collar and "no collar" roles.
- Service businesses throughout
- Work that requires employee decision-making.

Or, exclusively, it points to:

- Almost all non-manufacturing, non-production work

Regardless of which definition you prefer, formal process design has been notably absent in office environments. That's extremely costly to business, because U.S. employment numbers, once skewed towards manufacturing, show less than 10% of employees in manufacturing jobs. Moreover, outside of manufacturing we're rapidly automating away most of what's commonly termed "bureaucratic work"—un-empowered employees performing repetitive tasks according to fixed rules. That was the easy part of office process design. What's left—often highly variable work performed by at employees empowered to make decisions—requires much more rigorous process design to prevent ineffective and inefficient office work.

Why do we need a whole new process approach?

Six sigma and Lean, the two primary process approaches in use today, were designed for manufacturing. Six sigma has floundered in office environments, often doing

more harm than good. Lean does better, relatively speaking. But even Lean can't deliver more than a fraction of potential process improvement to office workplaces, especially because it lacks the requisite technology assessment aspect.

Just a quick glance at the following chart will explain why we need process approaches specifically designed for office environments.

Office Environments	Manufacturing Environments
Low repetition	High repetition
Decision-based business process	Fixed business process
Adaptability critical	Consistency critical
Hundreds of key workflows	Dozens of key workflows
80 - 90% of defects up at workflow level	Majority of defects down at work process level
Majority of work activities interdependent	Many work activities independent
Invisible defects	Visible defects
Empowered staff	Compliant staff
Resist "external" input	Accept "external" input
Business process is the work	Business process guides the work
Fully joined workflow & information flow	Partially detached workflow & information flow
High-dependence on application software	Partial dependence on application software

THE 10 PRINCIPLES OF OFFICE PROCESS

Because HYM works exclusively in office environments, over the years we've accumulated a wealth of knowledge about what works process-wise and what doesn't in office settings. The following 10 principles summarize much of what we've learned.

1. ***Office process design initiatives must be led by business-side managers:*** Neither IT nor manufacturing process specialists can effectively lead office process design initiatives. IT in particular can certainly contribute—in fact, IT participation is virtually necessary—but those who manage the work must make the critical process decisions, *many of which have implications far beyond process*.
2. ***Working in process design teams without a level playing field leads to both dominance and oppositional behavior:*** Those familiar with process—including mapping symbology and process-speak—will dominate the proceedings. Business-side people unfamiliar with process will feel left out and often respond with oppositional behavior—sometimes in the design process, but especially during deployment, which t hey undermine as often as not.
3. ***Insecurity about process design leads to inability or unwillingness to make decisions:*** It's axiomatic that if you don't know what you're getting into you're reluctant to go there. Not making process design understandable and intuitive to non-process people builds resistance to change.
4. ***Properly-constructed process teams greatly mitigate resistance to change:*** Establishing design objectives that require across the board cooperation (such as adding customer value or reducing cycle time) creates peer pressure within teams that mitigates resistance to adopting new work regimens.
5. ***Office process design requires uncoupling workflow from individual work process:*** While manufacturing process design treats these two process components together, office process improvement starts by redesigning workflow and treats individual work process as a dependent variable to workflow. The fact that the vast majority of office process defects occur in handoffs of work (and information) from person to person, function to function, and company to customer or supplier—while the majority of

manufacturing defects lie in how individuals work—makes this a critical distinction.

6. *Office process design requires coupling workflow and information flow:* Whereas manufacturing process design pays only incidental attention to data acquisition, distribution and integration—and even less to user-level automation software—office process depends on technology to enable new ways of working. In fact, workflow and information flow are inseparable in office environments.
7. *Successfully changing office process requires effective change management:* Most office workers enjoy some measure of empowerment to make decisions for themselves, and today's customers are pressuring companies to further empower employees who interpret customer-affecting policies. Empowered employees are not necessarily resistant to change, but they are resistant to "being changed." Considerable effort must go into building employee support for new ways to work, starting with meaningful involvement in process redesign.
8. *Office process change requires both top down and bottom up components:* Management has to send a powerful message that change is coming and while efforts will be made to "soften the blows," participation is not optional. On the flip side, redesigning process to meet new business objectives should start at the line level and work up. The nature of line level work and workers determines how much and what types of supervision are needed. Likewise, the nature of supervisory work and workers go a long way towards determining first level management requirements. And so it goes on up the ladder.
9. *Office process change initiatives cost less than standing pat:* Few companies have yet applied rigorous process analysis to office environments. Hence, office work areas are rife with opportunities to streamline and economize. Plus, process remediation positively affects both customer relations and employee relations. On the other hand, standing still amidst rapidly changing business conditions has inevitable negative outcomes.
10. *Office process initiatives should focus on creating new value, not cutting costs:* Adding new value to customers and the company delivers the big payback from office process redesign. However, streamlining and cost-cutting contribute substantially to payback. Ironically, process redesign initiatives in office environments that focus on value creation reliably reduce costs more than initiatives designed primarily for cost-cutting. This seemingly contradictory outcome stems from the difference in how deeply the two approaches go in looking for streamlining opportunities. Cost-cutting initiatives trim around the edges, while value-creation initiatives take a deep dive to find opportunities to reduce process waste. Focusing on organizational opportunities to deliver more value rather than just trying to cut departmental costs produces broader and deeper change, including organizational rather than just departmental streamlining.

A Brief History of Visual Workflow

The development of Visual Workflow validates the credo: "Necessity is the mother of invention." Back in 1996 HYM was working with an extremely complex service business. Our original role was to recommend ways to automate work. But after experiencing the work environment for several days, we went back to the VP who'd hired us and told her that we couldn't accomplish anything without a thorough process review. She almost threw us out on the spot.

Turns out that this company had already hired two consulting firms to document its processes and recommend improvements. Both bailed out because of the complexity—essentially telling the CEO that his company was "too broken to fix." But not before sticking the clients with substantial bills. And they were almost right. One could rationalize just blowing it up and starting over again.

Needless to say, this VP would have lost her head and her job had she waltzed into the CEO's office and announced she'd initiated round three. But having worked with her at another company previously, she knew our work and trusted that we would succeed. She also understood that we were correct in insisting on redesigning process before even thinking about automation tools. So she asked us if we could do what we needed to do—but rename it and make it look different to stay out of the CEO's cross-hairs. We did. And by doing so, we unwittingly launched Visual Workflow, unaware that we were about to create a new business process approach from the ground up.

At the intersection of workflow and information flow

We called what we were doing "information flow analysis." In fact, because upper level workflow is tied at the umbilical cord with information flow in a service setting, we *could* map information flow to see how work was passed from person to person and function to function. And since at the time we used a modified TOC (theory-of-

constraints) process approach, we were accustomed to starting engagements by assessing workflow rather than individual work process (how individuals do their own work).

As it turned out, we could see workflow faster and better by looking up 10° from information flow than we could by assessing workflow directly. The normal ambiguities disappeared, and thanks to the objectivity introduced by tracking "tangible" information flow, everyone could agree, really had to agree, about how work was moving.

Another "ah-ha"

As we started identifying "as-is" information flow, we quickly experienced another piece of "accidental learning." This company was as disputatious and political as they come. Plus, it was also about as complex as they come. A single activity would flow across a half-dozen functions before completion. And no one in one function knew what the next function in line was really doing—except to disagree with it. So we had no choice but to get groups of key players to the table to assess what was going on between them. Further, because they were such dedicated turf protectors, we had to enforce a rule that the sole objective of process redesign was to add value to customers in ways that added value back to the company. In other words, no turf protection. And did we ever enforce it. Our success depended on it.

So there we were—a cross-functional team committed (with a little encouragement) to stepping outside silo walls and seeing process through customer eyes and the company's eyes. The team quickly progressed from factional to focused, and we were on our way. The peer pressure to maintain the value-adding focus became so intense that a VP on the team had the courage to consider our work-in-progress designing the "to-be" and acknowledge that her whole function was redundant. She resigned several weeks later.

That's how Visual Workflow started. And next you'll see the "end point" (although VW continues to evolve).

THE FULLY ARTICULATED APPROACH

Client needs continued to drive development of Visual Workflow. Because HYM's original focus as a consultancy was creating customer alignment, our initial forays were in the front office. However, we quickly learned that VW fits much better than manufacturing-based process approaches into virtually *all* office functions. We'd no sooner start a customer alignment project than client management would ask us to include credit, collections, finance, HR, logistics, order-entry, the supply chain, what-have-you in the engagement. Talk about scope creep. In fact, we've even taken VW into unusually variable MTO (make-to-order) manufacturing environments.

However, because of where it's been applied, Visual Workflow has remained free of manufacturing process influences and completely focused on office work.

Defining characteristics

In order to fully develop process strength in office workplaces, Visual Workflow has several unique traits.

- ***Coupling workflow & information flow:*** The two must be fully synchronized. Any misalignment between them will create work quality issues and inefficiency.
- ***Uncoupling workflow from work process:*** Office work environments are far more complex process-wise than manufacturing. Leaving them combined leads to "not being able to see the forest through the trees"—as happened to the consultants alluded to in the previous chapter.
- ***Working in empowered cross-functional teams***: Manufacturing workers are un-empowered. Most office workers, even at lower levels, are empowered, often substantially so. While you can change shop employees' work by telling them to change, trying that with empowered, office workplace employees will raise a wall of resistance. Office employees must have a significant voice in designing their own work.

Further, most manufacturing defects stem from how individuals are doing their work. Most office setting defects occur "in the seams" between workers or functions. We call these incidents "bad hand-offs." You can best address these issues with all involved at the table.

- ***Banning process language and process symbology:*** Manufacturing managers understand process-speak. IT understands process-speak, albeit with a different vocabulary. But most business-side people who make up VW's cross-functional teams don't speak process—nor do they understand it. Neither do they grasp process symbology. So VW sticks to common language. Workflow/information flow maps use literal images, pictographs, to create a common visual language. Janitors can read these maps. So can CEOs.
- ***Including technology alignment:*** While technology should not drive process, it has to enable office process. Enacting office process improvement rarely happens without changing information flow, data integration and application software. VW includes IT on the core team from the get-go. And the individual work process side of VW produces application software requirements—if the client desires, all the way down to configuration requirements.
- ***Incorporating a change management component:*** Implementing change in office environments requires careful change management planning. VW maps change, identifies both intended and unintended consequences and helps get everyone on the same page before implementation begins. Also, using a cross-functional process design team greatly mitigates resistance to change.
- ***Focus on alignment:*** Increasingly, our clients are respecting the importance of aligning strategy with customers, process with strategy and technology with process. While VW focuses on the latter two areas, we've added an optional component to help clients check their alignment with customers before we start aligning process to strategy.

Working from scratch, you'd never design a office process approach using six sigma or Lean as a base. We didn't.

Automation

Using the right automation tools cuts mapping work down to size. For workflow mapping, we've recently switched from iGrafx Process to Smart Draw because of the latter's incorporation of numerous "mapper assistance" tools. Either will do, but avoid Visio at all costs. Despite many years owning Visio, Microsoft still hasn't created a capability to print to Word, an essential feature when managing a lengthy table-of-contents listing potentially hundreds of flow and process maps.

For individual work process mapping, which is extraordinarily slow and frustrating when done manually, we use ProCarta, which can auto-draw 100 pages or more of individual work process maps with one mouse click.

AN OVERVIEW OF VISUAL WORKFLOW IN ACTION

While Visual Workflow flexes to meet clients on client terms, engagements have a relatively consistent pattern of events. Perhaps the greatest variation occurs in the technology aspects, where VW can extend into areas commonly considered "technology" instead of "process."

Here's a normal sequence (optional components are "grayed out").

- *Hyper-planning:* HYM can precede VW with an intense, two-day management team planning session focused on identifying opportunities to add value to customers in ways that add value back to the company. Once we've identified opportunities, as a team we develop strategies to capitalize on them.
- *Ground-laying:* We start VW engagements by learning the basics of the business and the organization. A key part of this step is onsite meetings with management to: understand project objectives; define scope; review VW and the project plan; set expectations; and also identify the project sponsor and core team members.
- *"As-is" workflow/information flow assessment:* Without wasting any time, after team set-up we launch right into "as-is" flow assessment. These sessions are very fast-paced, often funny (when everyone spots habitual work that should have been changed years ago) and often exhausting for participants. When we finish, we have rolls of "marker maps" that we take offsite with us. We also have a thorough knowledge of current technology that's office process-related.
- *"As-is" flow mapping:* While the input sessions are still fresh, we convert marker maps to pictograph maps, which we forward to team members (and often the team sponsor) for review—which only works because everyone can read and understand the maps.
- *"To-be" flow design:* Once team members have reviewed the "as-is" maps, we start the redesign process. We take one flow at a time; critique the "as-is;" identify where we need to go for alignment purposes; identify streamlining opportunities; and map out the new flow. While we're designing, we're also considering information flow, data integration and automation software requirements for enabling the "to-be."

- *"To-be" flow mapping:* Again, conversion to pictograph maps, followed by team review.
- *Management &process team work-in-process review:* While we've kept management in the loop all along through the team sponsor, we pause here to discuss the implications of the recommended "to-be." We carefully review projected returns, costs and organizational implications to obtain informed management buy-in. If changes need be made for practical or organizational reasons, we make them at this juncture.
- *Reengineering individual work process:* Because work process is dependent on workflow in office environments, we wait until we receive management approval of new flows before reengineering work process. Here, for efficiency's sake, we work in small groups with line staff. Following these input sessions, we use mapping automation software to quickly generate reams of process maps that can be used to pinpoint application software requirements—and also for training.
- *Designing change:* The composition of the team may change here, and management may ask us to include outside resources the company relies on for organizational design support. With the new group, we go through a structured, change assessment process that flushes out the requirements and consequences of implementing the plan as approved. At the conclusion, one party will develop an implementation strategy.
- *Systems architecture design:* On client request, we will work with IT or outside technology consultants to identify how best to create the needed information flow and accomplish necessary data integration.
- *Application software configuration:* Because at this point we're so steeped in automation software requirements, some clients ask us to prepare what we call a "Fields, Forms & Views" document that details needed software functionality and desired configuration. FFV documents plus work process maps augment RFPs to help vendors understand in detail the functionality they need to provide.
- *Software selection:* Because of our knowledge of automation software and the associated vendors, some clients ask us to help identify systems to consider and manage the RFP development and vendor selection processes.

And that's the end of Visual Workflow per se. Occasionally clients will ask us to project manage or otherwise assist in implementation. And we've had clients ask us to take a natural next step beyond Visual Workflow into ABC (activity-based costing), but VW is our focus (and our passion).

VW Outcomes

Although every Visual Workflow engagement delivers a unique set of outcomes, over the course of many VW applications we see a very consistent set of client benefits:

- ***Improved alignment:*** Rather than focusing on streamlining, VW first aligns process with strategies and technology with process to get the company working in sync towards achieving shared objectives.
- ***Stronger customer relationships:*** Because of the increasing importance of aligning business around customers, VW is a "tool for the times." Aligning process and technology around customer-focused business strategies is perhaps 90% of the battle in strengthening customer relationships.
- ***Stronger employee relationships:*** A company's most valuable employees are least likely to remain working in chaotic conditions or in settings where the value of their work is undermined by poor upstream or downstream process. Applying VW directly addresses these issues, while also increasing employee empowerment and heightening employee involvement in the company.
- ***Reduction in FTE requirements:*** By definition, alignment reduces "internal friction" between moving parts of the company, creating major cost-cutting opportunities. We typically see reductions in full-time-equivalent (FTE) requirements in the 10% range. While most of our clients absorb excess FTEs by growing revenues without increasing staff, we have worked in situations where clients in a financial fix significantly cut staffing.
- ***Increased throughput:*** VW very effectively opens up bottlenecks that constrict volume and diminish overall work capacity.
- ***Reduced cycle time:*** VW significantly reduces work cycle times for many clients. The combined effects of introducing new automation tools and eliminating redundant/non value-adding process steps can turn days into hours.
- ***Improved work quality:*** In office work environments, the vast majority of defects are introduced during hand-offs of work and information between people and functions. VW is uniquely equipped among process approaches to identify and correct these issues.

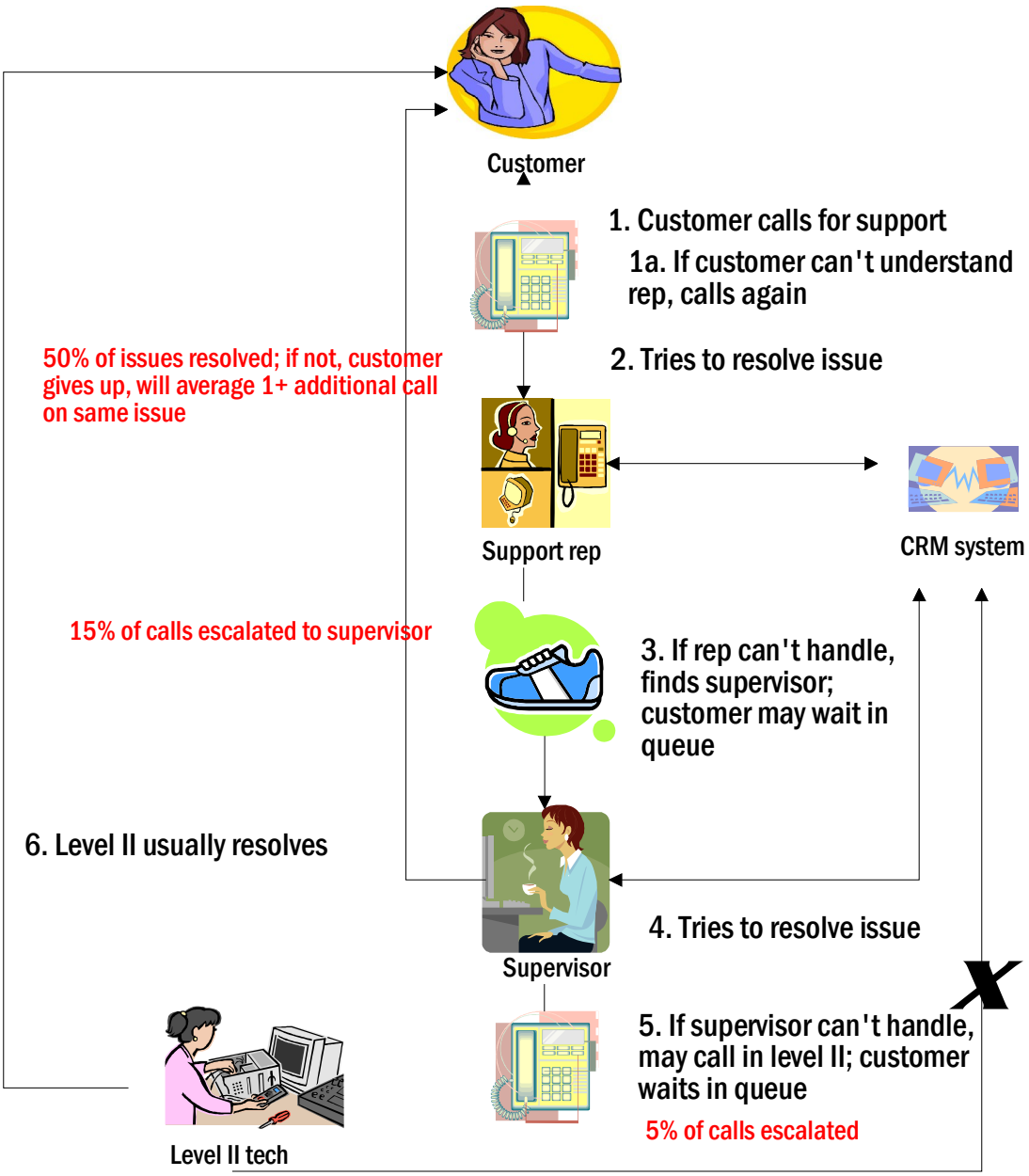
- ***Detailed technology requirements:*** Because VW treats work and information as inseparable elements, workflow changes include requirements for data integration and distribution plus core functionality for automation software. Subsequent reengineering of individual work process fleshes out software requirements all the way down to the keystroke level.
- ***Stronger infrastructure & greater scalability:*** Because of infrastructure deficiencies, for many companies growth is a threat rather than an opportunity. VW solidifies company underpinnings so human and technology systems have the requisite capacity and stability for supporting growth. In addition, applying VW helps companies grow revenues without increasing expenses.
- ***Almost immediate ROI:*** Reduced FTE requirements, preventing inappropriate technology purchases and improving work quality all contribute to very short-term ROI that continues most clients achieve payback on VW engagements in months rather than years. And these are permanent savings, rather than the temporary cost-reductions achieved by lopping off a percentage of employees without also streamlining work to reduce FTE requirements.
- ***Even greater long-term ROI:*** When applied to increase customer-centricity, VW generates mid- to long-term benefits from improved customer retention, increased customer penetration and higher new customer acquisition numbers. Over the long haul, these returns typically dwarf cost-savings.

VW Pictographs & Process Maps

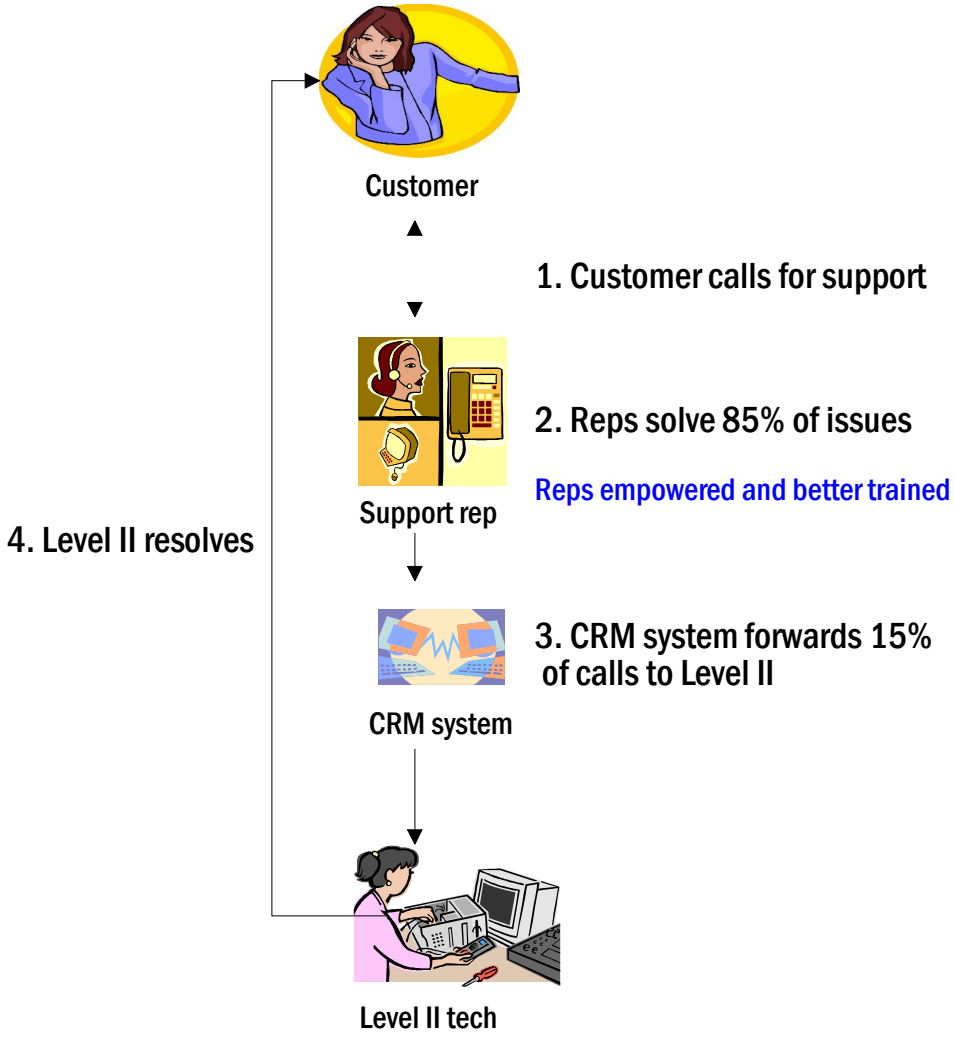
In accordance with office process principles, VW uses non-traditional maps to document and communicate workflow/information flow as well as individual work process. We've included two sets of as-is/to-be workflow pictographs followed by a page from typical individual work process mapping.

We'll let you draw your own inferences comparing "as-is" workflows with "to-be" maps. However, we hope you'll compare them to identify how VW adds new value to customers while streamlining operations.

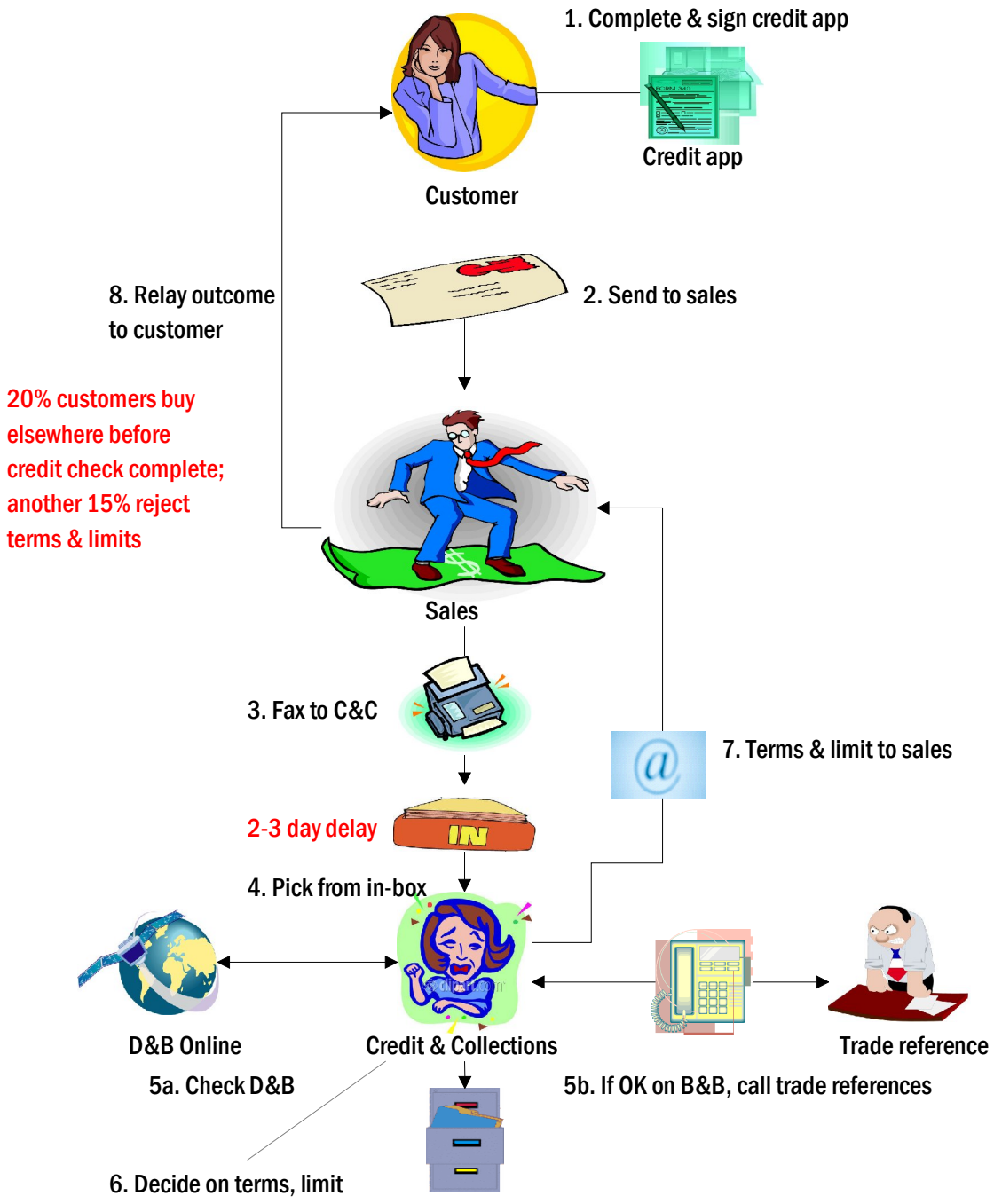
AS-IS PICTOGRAPH—TECH SUPPORT



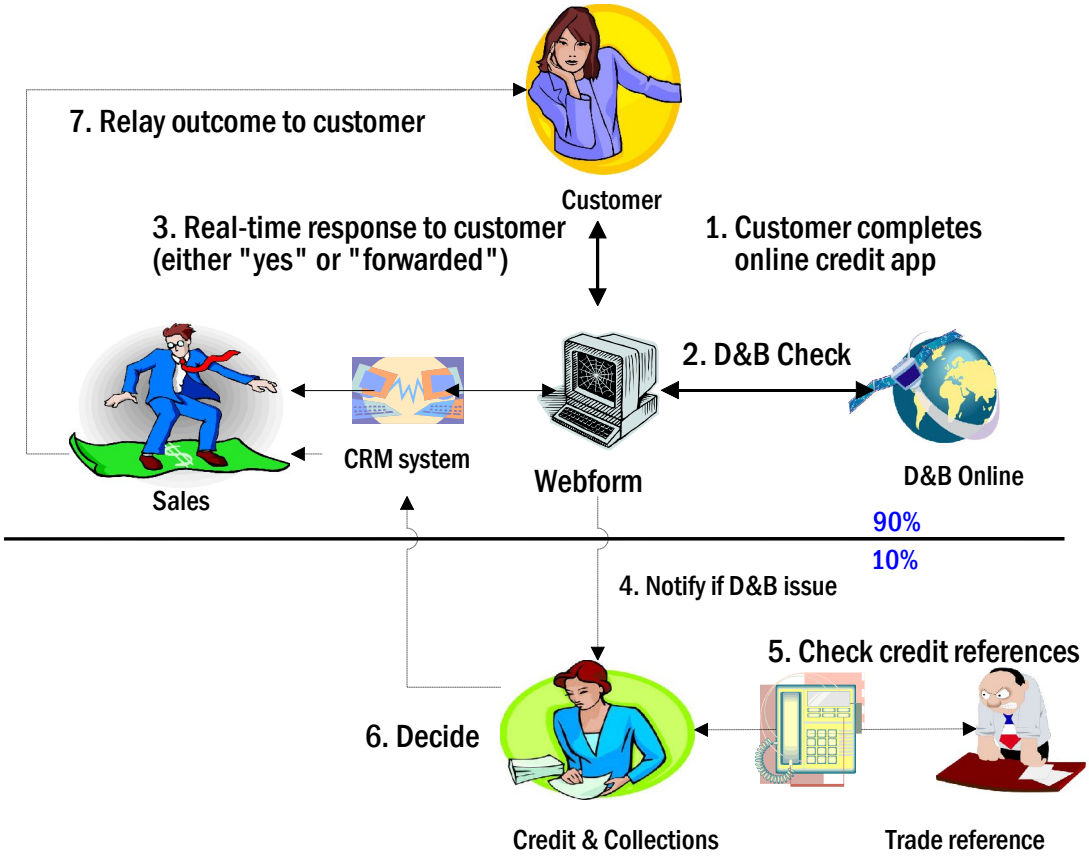
TO-BE PICTOGRAPH—TECH SUPPORT



AS-IS CREDIT ACCEPTANCE

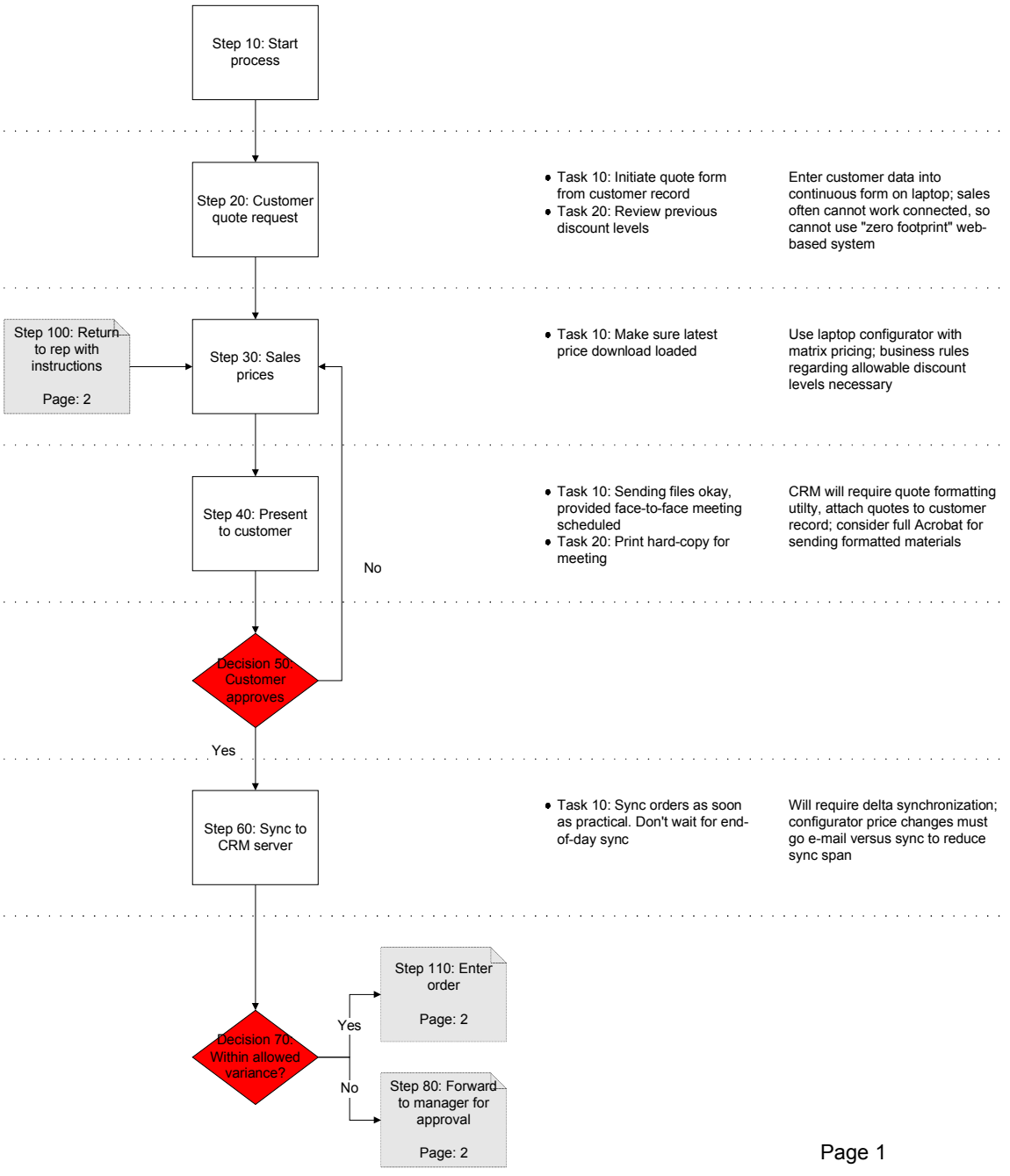


TO-BE PICTOGRAPH—CREDIT ACCEPTANCE



PROCARTA TO-BE WORK PROCESS MAP—ORDER-ENTRY

Visual Workflow Sample - Process View *ProCarta v1.8.1*
Process 10: "To Be" Order Entry *Feb 23, 2003 5:33pm*



How HYM Works With Clients

We're big believers in creating client self-sufficiency, so we teach Visual Workflow while we consult. However, most clients do need outside assistance implementing VW, particularly on a comprehensive first pass covering a broad range of functions. Here's how we typically support our clients:

- ***Objective facilitation:*** Along the way, we've learned many facilitation techniques that keep workflow assessment and design meetings moving. But even more importantly, we facilitate from an objective, neutral perspective. Most companies have difficulty finding someone with such objectivity in their ranks.
- ***Mapping:*** While we want you to become capable of doing your own mapping (and we encourage clients to purchase similar tools to ours), mapping a comprehensive first round of VW is a daunting task, especially for staff unaccustomed to interpreting marker map shorthand and mapping for full days.
- ***Workflow/information flow assessment & design:*** While designing workflow and information flow is more logic than rocket science, knowledge of both common flow issues (and their solutions) and automation tools and their capabilities is a prerequisite for designing major change.
- ***Work process reengineering:*** As for designing workflow, knowledge of common work process issues and technology options is important when making major changes.
- ***Defining the dimensions of change:*** Lacking a very well-trained Balanced Scorecard expert on client staff, we help clients design change management programs. We also provide expertise anticipating unforeseen consequences of change.
- ***Defining technology requirements:*** Because of the flexible, extensible qualities of most automation software applications, plus the need to fully align technology with business process, requirements definition becomes a marriage of process and technology that requires hard-to-find expertise in both areas.

With the exception of "objectivity" in the first bullet, all these points identify skill sets. However, as we often tell our clients, good consultants provide, in order of importance:

- ***Across-the-board objectivity:*** We have no agenda (other than doing what's right for the company). And we don't play favorites. Further, we don't "feather" negative findings. In fact, many clients express appreciation of our willingness to deliver "bad news"—including that our planned engagement will not deliver value to our client.
- ***Time:*** It goes without saying that almost everyone in a company already has a full-time job. Our clients are our full-time job, and we give you our undivided attention over large blocks of time.
- ***Skill sets:*** While important, skill sets typically trail objectivity and time in importance for a successful engagement.

For clients that do want to "go it alone" on their first foray into Visual Workflow, HYM will also provide pre-project VW training to help prepare you.

About High-Yield Methods

High-Yield Methods is a St. Paul-based boutique consulting firm that applies cutting-edge business process improvement methods to help clients maximize the effectiveness of office (non-manufacturing) work settings. Founded in 1994, HYM has worked with clients ranging from American Express, Honeywell and Microsoft to mid-size and small businesses. What matters most in HYM client relationships is not company size, but openness to change and willingness to work.

HYM developed and practices the Visual Workflow approach to office process design, the first process methodology designed exclusively for process improvement outside of production environments. VW has an excellent track record for succeeding in office environments where other process approaches have failed.

HYM founder and Principal Dick Lee has shared his process experiences in numerous web and journal columns. He is currently working on his first “pure” process book, *Process to the People.*