

High-Yield Methods

for customer-aligning business strategies, process & technology

Visual Workflow

Process improvement for CRM, Service Organizations & Other Variable Environments

Dick Lee

Principal, High-Yield Methods

August 2005

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

© 2005 High-Yield Methods

CONTENTS

Contents 2

Visual Workflow: What's in it for You? 4

I. Fundamentals of BPI 7

A Picture that Says 10,000 Words 8

II. What a Difference an Environment Makes 13

What's Different About Variable Work Environments? 14

Why It's So Tempting to Pound Square Pegs Into Round Holes 18

III. Visual Workflow: designed for Variable Environments 20

Orienting the Approach Around the Environment 21

The Rationale Behind Visual Workflow 23

Visual Workflow's Key Components 25

Visual Workflow's "Extra" Dimensions 27

IV. VW Output 29

Workflow/Information Flow Design 30

Work Process Reengineering 33

V. Case Examples 37

Employee Services 38

CRM in Custom Manufacturing 40

Financial Services CRM..... 43

VI. Addendum..... 45

About High-Yield Methods..... 46

VISUAL WORKFLOW: WHAT'S IN IT FOR YOU?

Visual Workflow (VW) was introduced in the late 1990s as a specialized business process improvement (BPI) tool for the customer relationship management (CRM) industry. From this very targeted application, VW has since evolved into a much broader use methodology that's applied to a much broader range of business settings.

VW's role in the BPI space

VW is the first BPI methodology designed specifically for variable activity, low process-frequency work environments. In contrast to Six Sigma, Lean Business, Lean Sigma, Theory-of-Constraints (TOC), Statistical Process Control (SPC) and other manufacturing-based BPI approaches that depend on the presence of high-volume, highly repetitive work activities for quantitative analysis, VW uses a unique, field-tested approach to analyzing and improving lower frequency and variable process—a type of work environment common to front office and administrative functions across all business types and indigenous to service companies and make-to-order (MTO) manufacturing organizations in particular.

While VW is much simpler in concept and implementation than manufacturing-based BPI approaches, understanding how and why it works still requires some investment of time and concentration on your part. Accordingly, before we ask you to put forth that effort, we'd like to provide a top-line description of what VW can potentially contribute to the success of your organization.

Special benefits VW delivers

While VW was initially designed to deliver a narrow range of functionality, adopters have since discovered that VW is a multi-faceted tool that "cracks open" a business like a can opener and creates visibility to and understanding of how your business creates value for customers—and where defects originate and how "friction" between the moving parts interferes with efficient and effective value delivery. The types of outcome improvements VW adopters typically experience include:

- *Increased customer satisfaction*—VW improves product quality and service delivery by improving process quality.
- *Improved customer loyalty*—very well-served customers not only keep coming back, but they refer exponentially more new business than "merely satisfied" customers.
- *Increased staff effectiveness*—the quality of work in a non-production environment cannot rise above the quality of supporting information. VW puts the right information at the right place at the right time.
- *Increased workforce productivity*—companies rarely realize what a high percentage of labor costs result from redundancy, cross-checking and rework. VW has a powerful scanning component that helps users quickly identify excess cost-generators and money-saving solutions.
- *Increased ROI on application software*—unique among process improvement approaches, VW works to achieve business/technology alignment, which often turns non-productive technology investments into money-makers. VW is equally effective as a tool for defining pre-purchase technology requirements; a software selection tool; and a "remediation" tool to help realign already installed applications, a common occurrence in CRM implementations.
- *Intelligent systems/data integration*—VW helps users determine their optimal workflow and information flow, providing an exceptionally clear and accurate systems and data integration map.

- ***Elimination of isolated systems and data***—the average company is richly populated with off-line software applications holding valuable data accessible only to individual workers or departments. By redesigning information flow, VW helps reduce the direct cost of configuring and maintaining these applications and the opportunity cost of keeping valuable data locked away.
- ***Decreased cycle times***—if you have less than efficient workflow padding cycle times, VW will identify and eliminate the waste.
- ***Decreased service & quality defects***—most defects result from poorly designed workflow, information flow or work process—not from careless work. VW directly addresses these faults and eliminates defect-drivers.

One more, very special benefit

Because of its unique design, adopting VW requires only a small fraction of the budget and staff resources required to implement manufacturing-based process approaches—particularly Six Sigma and Lean Business. In fact, even in line manufacturing environments, running VW prior to these alternative methods can radically reduce both their cost and their resource consumption.

What benefits will VW deliver to <u>your</u> organization?

We hope you're intrigued enough to spend a couple hours of your scarce time learning more about VW—and what it can do for you and your organization.

I. FUNDAMENTALS OF BPI

A PICTURE THAT SAYS 10,000 WORDS

Thousands, tens of thousands, hundreds of thousands—no *millions* of words have been written about business process management, Unfortunately, most of them are so uninteresting that few of us understand the basic concepts. And that's especially true for business professionals leading CRM implementations who tend to come from the marketing or sales ranks, where process has a relatively weak presence—or service company managers whose training tends not to delve deeply into business process issues. So to minimize the words and increase the level of intuitive understanding of business process, we've crafted the picture on the following page.

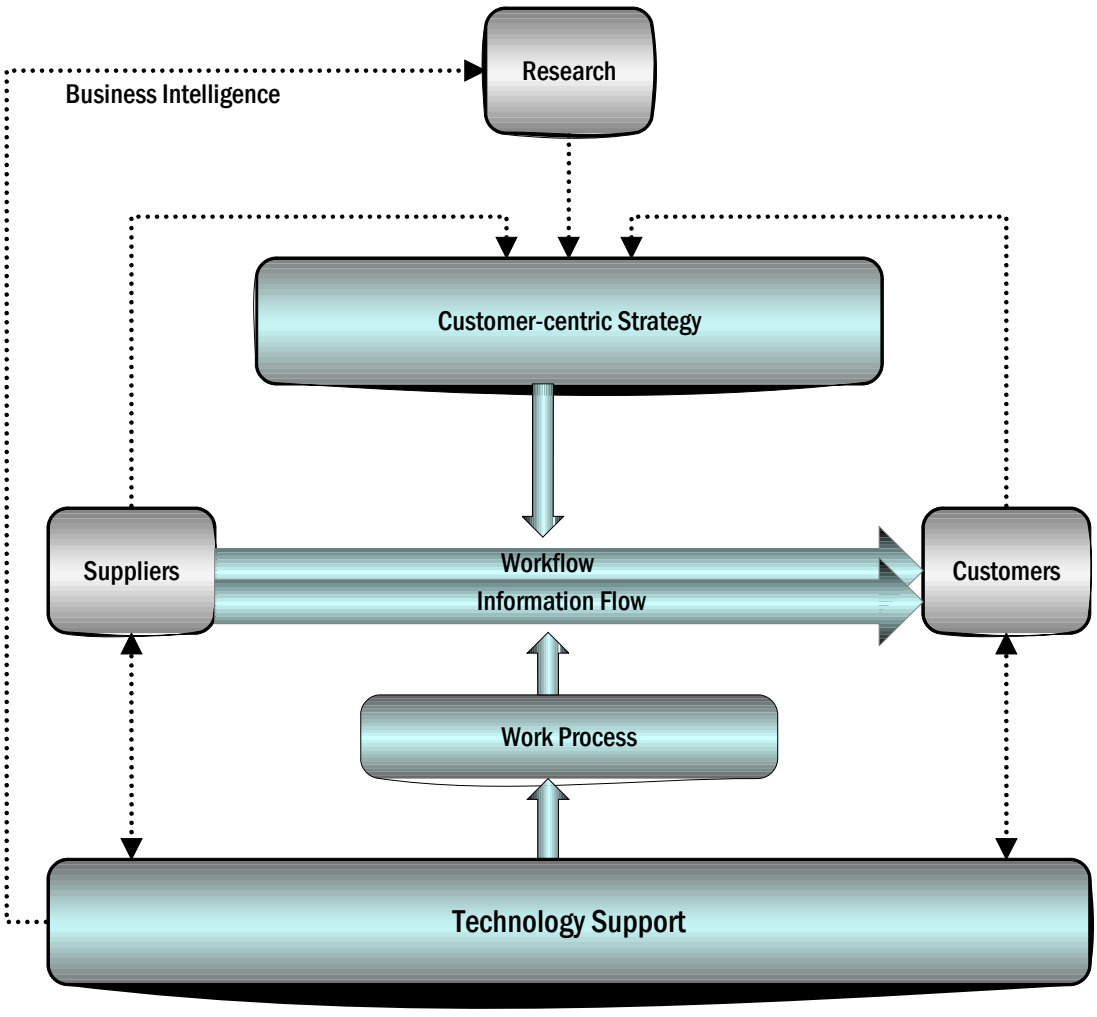
Anatomy of a business organization

However, before you turn the page, let me share with you these important definitions of the two discrete elements of business process:

- **Workflow (which includes information flow):** Workflow is how work (and information) move from function to function, or department to department. Workflow also includes how work (and information) move between internal functions and external constituencies such as customers and suppliers. An example of workflow is a nurse at a clinic drawing blood; then shipping the blood to a medical lab; and the lab then sending test results back to the clinic for physician revue.

- **Work process:** Work process is how individuals within a function or department do their work. A corresponding example is how a lab tech evaluates the blood sample in order to prepare the report.

That's all you need to know to start.



A business organization is a set of moving parts.

A well-designed, well-developed company operates in a continuous loop—with information driving work; work delivering value to customers (and driving involvement

of suppliers); and customers generating new information with their purchasing and their feedback both that keeps the cycle running continuously. In a newer business, of course, a greater amount of effort is required to generate the initial information needed to design the business activities. But new business or mature, business success comes from keeping all the moving parts aligned and moving friction-free.

The role of workflow

The workflow[1] aspect of business process is the synapse between business strategies and systems; between company and customers; and between company and suppliers. It's the "transmission," if you will, that melds the energy and direction of business strategies with the automation and support of information systems and converts the combination into powerful and meaningful business activity. But if workflow is not properly aligned to strategies, the activities will be the wrong activities. And if technology is not properly aligned to workflow, workflow's thrust is diminished and output becomes weak. And if everything is misaligned, the result is significant dysfunction leading to weak output of the wrong outcomes. Unfortunately, most business organizations today fall at least partially into the latter category—significantly out of alignment in ways that weaken the company.

The role of work process

The second business process element, work process, affects throughput and quality at individual work stations or within departments. Improving the speed and quality of individuals' work output *can* dramatically improve business results. However, it doesn't always—because improving process that's misaligned with higher-level workflow only results in doing the wrong things faster or better. And that's why work process is the dependant side of business process and should only be worked after workflow is brought into alignment with strategic goals. This is a lesson many CRM implementers—who have started CRM by reengineering sales and/or customer service processes without first redesigning workflow—have learned the hard way. And it's an error repeatedly made by service business management who tend to over-

[1] From here forward, we'll refer to workflow and information flow together as "workflow."

concentrate of worker performance and ignore underlying workflow drivers of performance.

Why the insistence on starting BPI with work process, rather than workflow?

Why, despite the bad outcomes, do so many organizations continue to dive right into individual worker performance issues, without evaluating workflow? Abraham Maslow, the renowned 20th century thinker and psychologist put it very aptly when he said:

"When the only tool you have is a hammer,
all the world tends to look like a nail"

Unfortunately, the majority of business process improvement methodologies—in fact, nearly all of them—is designed primarily for improving work process. Most of these approaches have limited applicability to workflow. And surprisingly, that's not all that surprising, because virtually all these process methodologies were designed to work in the *only* environment where alignment between workflow and work process is almost "hard-wired"—*production line manufacturing*. Even in line manufacturing, addressing workflow first still returns superior results. However, you can go straight to the work process level and start tinkering with the activities of individual departments or work stations and get positive outcomes, often very positive outcomes. And this work-process based approach is very appealing to many companies because it emphasizes incremental improvement, rather than requiring broad-based change as workflow redesign so often does.

In fact, focusing on small increments of change is a significant part of Six Sigma's appeal. However, even many Six Sigma devotees are now conceding the shortcomings of their approach, which barely addresses the workflow level. The Sigma-ites are attempting to rectify this shortcoming—some through a construct called "Design for Six Sigma" (DFSS); others by coupling Six Sigma to Lean Business, which does operate at the workflow level, in a construct called "Lean Sigma." Unfortunately, neither approach produces the 180° change in priorities required to make Six Sigma effective in variable environments.

Hopefully, the preceding provides you with a basic feel for the business process world—plus an inkling of why different environments need different business process tools.

II. What a Difference an Environment Makes

WHAT'S DIFFERENT ABOUT VARIABLE WORK ENVIRONMENTS?

Although we've focused a bit on CRM, CRM's differences from manufacturing in terms of business process environments are shared by non-CRM settings as well, including:

- Administrative functions in companies of all types
- Service businesses throughout
- Make-to-order (MTO) manufacturing

Together with CRM, we'll call the aggregate *variable environments*. And as you'll see in the chart on the following page, variable environments have extremely different business process characteristics from manufacturing settings.

Variable 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[2]	Many work activities independent
Invisible defects	Visible defects
Empowered staff[3]	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

After reviewing the environmental differences, ask yourself, "Would you use a manufacturing-based business process design methodology in a variable work environment?" Not likely.

Essential elements of a variable environment process approach

Based on our consulting experience applying VW in a variety of settings, here's a short list of elements needed for effective business process analysis and design in a variable environment:

---

[2] In variable environments, the majority of work activities involve partial processing or accomplishment, making them open-ended; while in manufacturing activities are much more likely to have a defined beginning and end.

[3] Not only are sales and marketing staffs notoriously independent and "self-regulating," but staffs in administrative and support functions and in service businesses adapt to change much less readily than line manufacturing workers who have no choice.

- **A highly efficient workflow scanning system** capable of reviewing hundreds of flows in order to root out defects.
- **Enterprise-wide workflow design** that ties together the numerous interdependent activities of a variable environment.
- **An information system design element** that determines what data and functionality need to be where for effective systems support.
- **A drill-down step from workflow to work process** for reengineering work process in alignment with workflow and also for detailing application software requirements.
- **Ownership of changes in work and technology by those affected**—especially customer-facing staff—rather than having dictated from above or from "process police" teams.
- **Accessibility to all** of the business process approach, rather than using a methodology that requires special training and communicates through indecipherable (to the untrained) terminology.

Considering these attributes of a business process improvement methodology that will function effectively in a variable work setting, it's interesting to see how the two most popular process methodologies in use today—Six Sigma and Lean Business—stack up. The following chart raises more than a few eyebrows when I use it in presentations to professional groups.

How Six Sigma & Lean Business Apply to Variable Environments		
	Six Sigma	Lean
Workflow scanning system	No	No
Enterprise-wide workflow design	No	No
System design element	No	No
Drill-down step to work process	No	No
Staff owns their change	No	No
Approach is accessible to all	No	No

Bottom line—neither manufacturing-based approach is appropriate for variable settings. Lean Business comes a bit closer, but lack of an organized approach to scanning hundreds of flows looking for defects, despite its focus on workflow, plus critical deficiencies in meeting all other requirements leave it far short of suitable.

WHY IT'S SO TEMPTING TO POUND SQUARE PEGS INTO ROUND HOLES

In fairness to the companies applying manufacturing BPI methods in variable environments, the temptation to do so has been and remains strong for several reasons:

- **Vacuums tend to fill:** What's passed for business process improvement in the CRM space prior to adoption of manufacturing methods has, for the most part, been very superficial and unprofessional approaches. Likewise for service business and other variable environments. And without seeing a serious place-keeper in the variable environment process space, many companies have understandably viewed manufacturing approaches as more appealing than no approaches.
- **"One approach fits all" has curb appeal:** Many companies already implementing a manufacturing BPI approach in manufacturing have jumped on the opportunity to leverage a single process improvement approach enterprise-wide. And just as we saw in CRM, where it took years for the market to catch up to the failure of technology-first implementations—it will take years for the market to fully grasp the inappropriateness of using manufacturing-based BPI in variable environments.
- **Some consultants want to appropriate Six Sigma's cachet:** Six Sigma and Lean Business are still trendy. Senior managements tend to assume that each offers intrinsic value for their companies—as do many market analysts and

other business value evaluators. Hence, a number of process consultants have sold management the Six Sigma/Lean buzz to get in the door—after which they typically provide a hodge-podge of approaches with some Six Sigma here and some there—and not much in between.

But the good news in all of this is that many companies with variable work environments are starting to ask for firm proof that manufacturing-based process methods do work outside manufacturing, and that proof is very hard to come by. Let's hope that more and more such questions are asked.

III. VISUAL WORKFLOW: DESIGNED FOR VARIABLE ENVIRONMENTS

ORIENTING THE APPROACH AROUND THE ENVIRONMENT

Worldwide—but especially in the U.S.—we've seen an explosion in the percentage of businesses belonging to the service sector. And even among manufacturing concerns, non-production aspects such as R&D are expanding more rapidly in scope as well as sophistication than shop floors are expanding. Consequently, in today's world, manufacturing-based process improvement systems are suitable for only a *minority* of business organizations and only a minority of work activities within this minority of companies.

Visual Workflow gives you a viable option

So what's a service business to do—what's a CRM implementation to do—in order to accomplish business process improvement that will cut costs, reduce cycle time and increase customer satisfaction? That's the problem High-Yield Methods (HYM) faced repeatedly from our formation in 1994.[4] And this recurring problem was the motivation behind the development of what's now called Visual Workflow—which started as a process improvement tool and grew into an entire process improvement discipline.

Today, VW has been implemented worldwide by companies ranging in size from Fortune 100 down to fledgling outfits—both for CRM implementations and for broader-based process improvement in service companies, financial institutions, custom manufacturing, educational and not-for-profit organizations. And the results

[4] HYM, which initially served the CRM market, was founded as "High-Yield Marketing" and morphed into "High-Yield Methods" as more and more of our clients asked us to address process issues enterprise-wide, not just in the front office.

have been consistently excellent, including some outstanding outcomes that have exceeded HYM's and clients' expectations alike.

But it's not "free lunch"

Of course, benefits like these don't often come free. There's almost always a catch. As the saying goes, "No pain, no gain." And to be perfectly frank, with VW there's a considerable catch. VW is not incremental—at least not to the degree manufacturing BPI approaches are. *Implementing VW requires a substantial change management component—to the degree where companies not open to change should not try it.*

One of the principal "new" discoveries of CRM implementers has been that organization change is virtually a prerequisite for success. However, we now know the same about any effort to improve outcomes in a variable environment. The reason?

Unlike in manufacturing operations, the quality and type of outputs delivered by variable work environment organizations are largely determined at the workflow level, not the work process level. And changing workflow to improve outcomes almost always alters departmental boundaries, shifts functional responsibilities and sometimes deletes entire functions. That's where the "change" component comes into play. VW helps design the changes and even mitigates resistance to change, but significant organizational change never occurs at the snap of the fingers.

The good news is that for companies nimble enough to make it through the many transitions required to maintain and build success in today's fluid business environment, VW can deliver a world of benefits. And best of all—unlike Six Sigma, Lean Business and variants, which require years of implementation including specialized staff training and sizeable financial investments—VW can deliver benefits in just several months—with no special staff training required, and at a small fraction of the cost of these manufacturing approaches.

THE RATIONALE BEHIND VISUAL WORKFLOW

Visual Workflow directly addresses several new or newly identified realities of variable workplace environments:

- **Bad hand-offs are the primary sources of process defects:** Exchanges of work, either between functional silos or between company and customers/suppliers, introduce far more output-reducing defects than work performed within departments.
- **Workflow & information flow are interdependent in CRM environments and other variable settings:** Seldom can we change one and not the other in marketing sales or customer service; or in product development, engineering, research, HR, IT, administration, or in any type of service business.
- **Business process changes must be developed inclusively in variable work settings:** Consultants can't go off and bring back the answers and expect that recommended changes will be adopted. Process improvement in variable environments should be developed by those doing the work; developed using an approach that's understandable to these people; and solidly backed by those who will be affected by change.
- **Non-production work now dominates most companies:** The balance of activity is tilting further and further towards variable, non-production work.

- **Manufacturing-based business process methods don't transport into variable environments:** Manufacturing BPI approaches have a poor track record when applied outside their native setting.

Putting together these attributes and realities of process improvement in variable settings, including the growing preponderance of variable work settings,—it's hard to argue that we don't need a business process improvement methodology designed for use outside of manufacturing.

VISUAL WORKFLOW'S KEY COMPONENTS

VW is a highly adaptive approach that can flex to meet each client's unique setting and requirements, However, beneath the flexible approach lies a substantial infrastructure that keeps implementations on track. Variances aside, virtually all VW implementations include these six steps:

1. **Strategic review:** VW works by aligning workflow, process and technology with business strategy, making client strategic input essential. And perhaps not surprisingly, misalignment of work with strategy is among the most common attributes of failing or struggling companies. This step is especially important In CRM environments, because we're virtually always dealing with newly minted, customer-centric business strategies that aren't supported by current business processes.
2. **Mapping "as-is" workflow and information flow:** In cross-functional teams, we analyze current workflow and information flow. Then we convert input session "marker maps" into easy-to-read, clipart-based "pictographs." Using literal symbols instead of process-speak makes VW maps accessible to all involved. In effect, VW includes a visual language.
3. **Analyzing the "as-is" state:** By asking whether workflow steps are supporting strategies; whether they're adding value to customers; if they're the most efficient way to accomplish work; and whether they're the least expensive way to accomplish work—as a team we reach agreement on where to focus and what to change.
4. **Designing "to-be" workflow and information flow:** In the same team settings, we redesign flows to: properly align with company values and strategies; to add more

value to customers; to work smarter and more efficiently; and to take full advantage of new technologies. Then we work from the redesigned marker maps to create another full set of pictographs that document and communicate the "to-be" state. An essential element in this step is defining systems and data integration requirements for the "to-be" state.

5. **Reengineering work processes:** Once we've completed addressing the workflow level, we then drill down to work process. Our new workflow guides work process reengineering, which has a dependent relationship to upper level flows. And using sophisticated mapping automation software, we greatly reduce the time required to map manually using Visio™ or a similar tool.

6. **Defining application software: requirements:** By leaving application software until last, we know down to the keystroke level how CRM software or other applications must provide support—and we know it before software selection and purchase. Thoroughly assessing technology requirements in advance obviates the mistake-prone "fit-gap" approach to mapping software to requirements (or, even more regrettably, changing requirements to map to software).

VISUAL WORKFLOW'S "EXTRA" DIMENSIONS

In addition to its core contributions, VW sets the stage for a number of related business initiatives—often increasing their effectiveness and decreasing their cost.

- **Balanced Scorecard:** More and more CRM implementers are overlaying balanced scorecard on top of CRM. VW provides an excellent base for launching a balanced scorecard initiative. Key performance indicators (KPIs) are virtually predefined, and the VW pre-work will get Balanced Scorecard up and running in a fraction of the time required for a "cold start."
- **Activity-based Costing (ABC):** ABC is an essential tool for calculating customer profitability in CRM—and it's *de rigueur* for managing administrative and overhead expense . We can go straight from VW outcomes to ABC data collection, thereby skipping the very lengthy (and expensive) ABC set-up period.
- **Change management:** Changing workflow—a necessity for generating substantial return from CRM, implementing Balanced Scorecard or accomplishing almost any positive change in work output—almost always requires changing departmental roles and responsibilities. The political fallout can be considerable. However, by working "in the open"— with cross-functional work teams helping design their own change—VW greatly mitigates adverse reaction to organizational realignment.
- **Information system design:** The workflow/information flow portion of VW includes definition of IT infrastructure requirements for properly fulfilling business support requirements. The work process portion of VW drills down to the user requirements level to determine optimal selection and configuration of application software. In fact, VW is often a more effective (and almost always a less

expensive) alternative to the software selection process practiced by specialized software selection consultants.

- **Head start on Six Sigma/Lean Business implementations in manufacturing environments:** While using VW in the front office of line manufacturing companies, our clients have discovered that applying VW prior to initiating Six Sigma (or Lean Business) greatly reduces time otherwise spent trying to determine priorities and focal points.

IV. VW OUTPUT

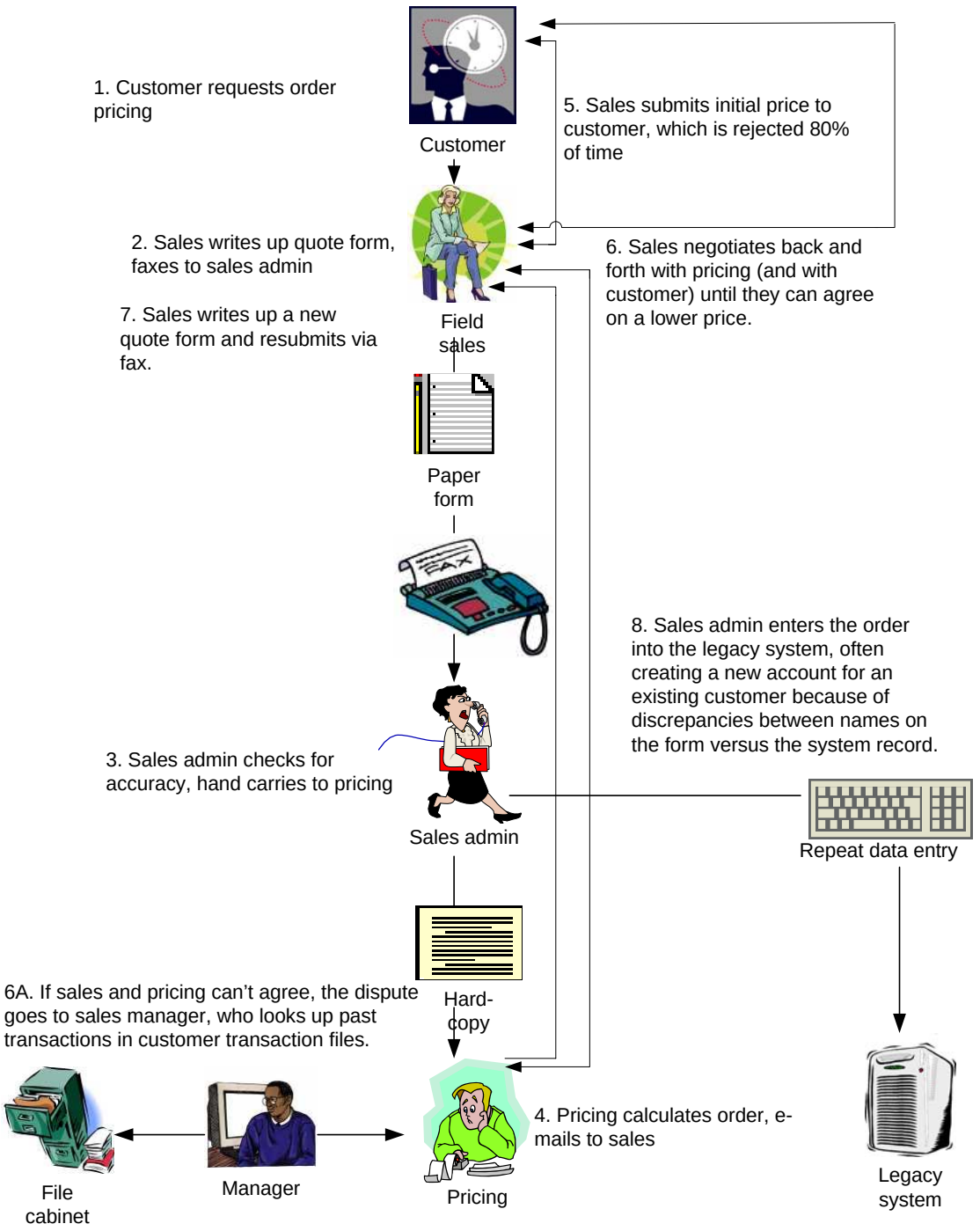
WORKFLOW/INFORMATION FLOW DESIGN

At the workflow/information flow level, VW produces "pictographs"—which are literal representations of how work and information move from function to function. These pictographs are based on input captured at client team meetings that include managers, line workers and IT—assuring that all points of view are represented. These cross-functional teams typically develop a camaraderie and sense of common purpose that greatly mitigates resistance to change—change being an inevitable byproduct of redesigning work to produce more value. And at the heart of this cooperation is VW's visual language that's accessible and understandable to CEOs and shipping clerks alike.

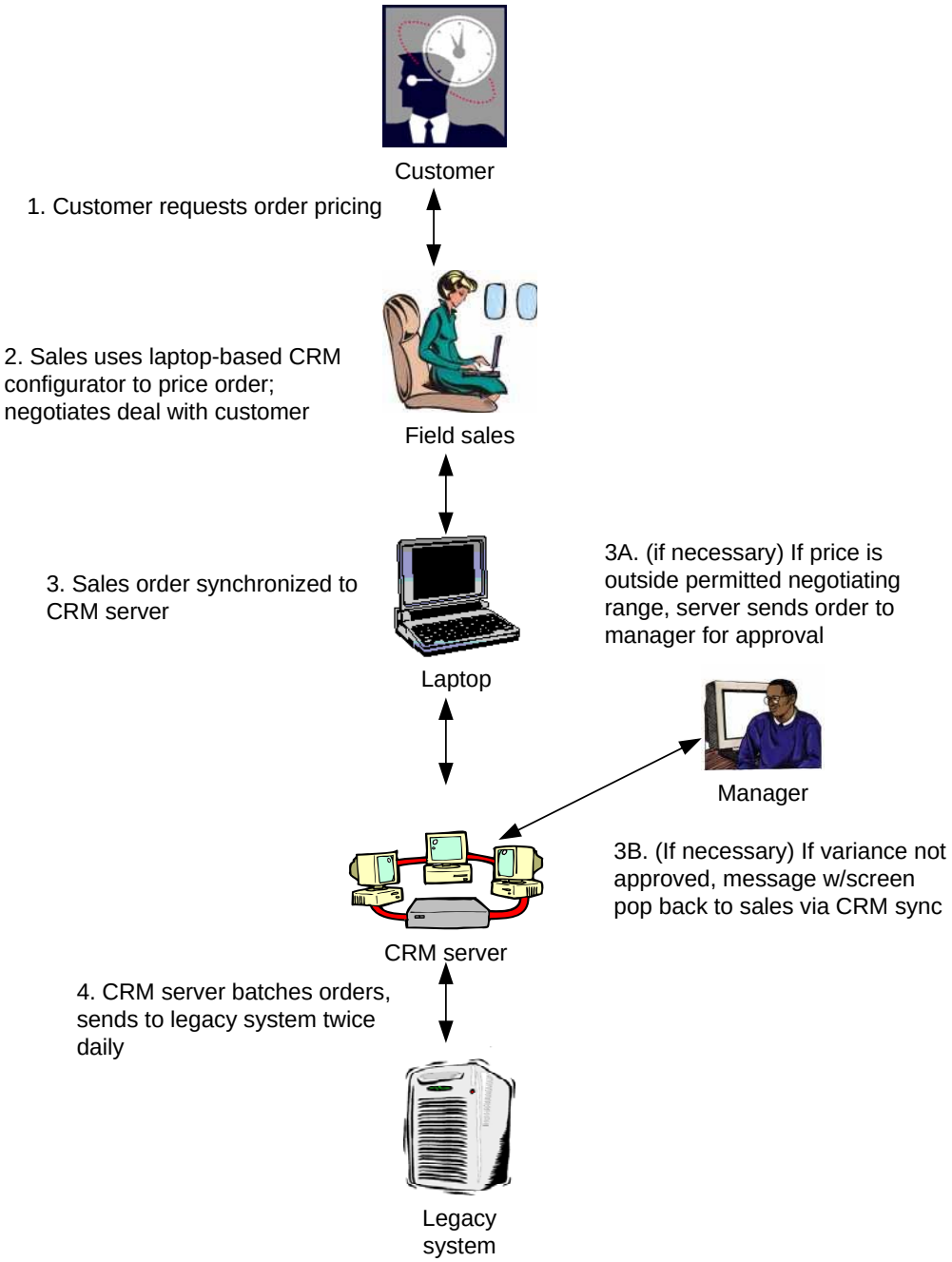
VW can dramatically tighten workflow

Following are sample pictographs representing both an "as-is" state, which we map first, based on team input—and the "to-be" state that we design with the team in order to maximize the value of each work activity. While here we used a single page "as-is" for brevity, through the VW redesign process we're often able to consolidate "as-is" flow requiring several pages to map into a "to-be" flow that maps on part of a page.

Sample Visual Workflow Pictograph
"As Is" Order Entry



Sample Visual Workflow Pictograph
"To Be" Order Entry



WORK PROCESS REENGINEERING

In the VW system, lower-level work process reengineering serves two purposes. First, it breaks down new, function-level workflow into supporting individual work processes, thereby providing an effective training platform that aids the migration from "as-is" to "to-be." It's important to remember that when we adopt CRM or even when we adopt new business strategies, we have to change how we work as a result. And the corresponding work changes "domino" from strategies to workflow to work process.

The second purpose for work process reengineering is developing user-level, application software requirements. Working with individuals and small groups of client staff that share similar functions, we define software support requirements down to the "keystroke" level. Following VW assessment of business requirements for technology, you're virtually assured your new or revised technology will provide proper support. Plus, you're highly unlikely to suffer from the misalignment between software and business requirements that plagues so many CRM implementations.

Many companies resist reengineering work process because of the time & expense

However, based on past experiences, you may have a built-in reservation about work process reengineering and especially the extensive mapping it requires—as in "Won't this cost a fortune?" And the answer is definitely, "No," for two reasons. First, by separating workflow from work process, we're spared a potentially expensive mapping of "as-is" process. After we design new workflow, we can go straight to the

"to-be" process state.[5] Second, although the technology required to automate work process mapping is quite expensive, companies such as ProCarta (www.procarta.com) have developed automation tools that greatly streamline process mapping, reducing time requirements by as much as 75%.

The following maps (which were drawn by ProCarta) illustrate how we keep a running tally of application software requirements as we process map.

[5] In a small percentage of work environments such as financial services or healthcare, mapping at least some "as-is" work process is necessary to avoid dropping critical steps.

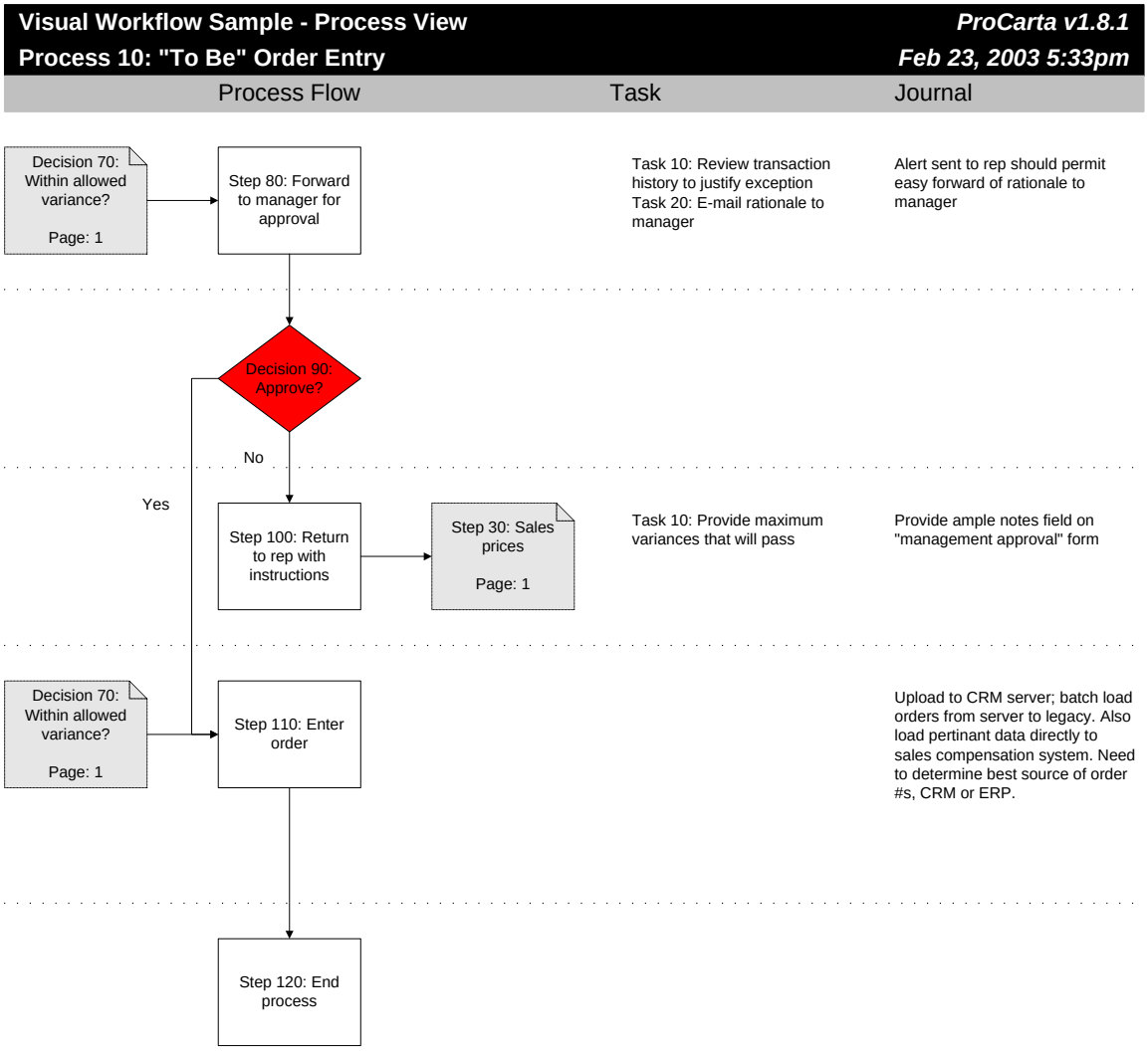
Visual Workflow Sample - Process View *ProCarta v1.8.1*

Process 10: "To Be" Order Entry *Feb 23, 2003 5:33pm*

Process Flow	Task	Journal
Step 10: Start process		
Step 20: Customer quote request	Task 10: Initiate quote form from customer record Task 20: Review previous discount levels	Enter customer data into continuous form on laptop; sales often cannot work connected, so cannot use "zero footprint" web-based system
Step 100: Return to rep with instructions Page: 2		
Step 30: Sales prices	Task 10: Make sure latest price download loaded	Use laptop configurator with matrix pricing; business rules regarding allowable discount levels necessary
Step 40: Present to customer	Task 10: Sending files okay, provided face-to-face meeting scheduled Task 20: Print hard-copy for meeting	CRM will require quote formatting utilty, attach quotes to customer record; consider full Acrobat for sending formatted materials
Decision 50: Customer approves		
No		
Yes		
Step 60: Sync to CRM server	Task 10: Sync orders as soon as practical. Don't wait for end-of-day sync	Will require delta synchronization; configurator price changes must go e-mail versus sync to reduce sync span
Decision 70: Within allowed variance?		
Yes		
Step 110: Enter order Page: 2		
No		
Step 80: Forward to manager for approval Page: 2		

Visual Workflow Sample - Process View *ProCarta v1.8.1*

Process 10: "To Be" Order Entry *Feb 23, 2003 5:33pm*



V. Case Examples

EMPLOYEE SERVICES

We recently introduced the employee services division of a Fortune 100 global manufacturer to Visual Workflow—with some head-turning results.

After years of Six Sigma-based attempts to align multiple functions within a core business so that the whole of their efforts equaled more than the sum of the parts, management was ready to try something new. We were asked to meet with the senior Six Sigma black belt on staff to discuss how VW might help. Although initially resistant to us coming in with a "foreign" approach, she was persuaded when we differentiated VW from Six Sigma by saying: "Think of Visual Workflow as an MRI. VW scans the organization looking for broken bones. Six Sigma is like surgery. And you don't want to use surgery to find broken bones." For political reasons, we omitted mention that VW not only finds the problems, but it identifies the fixes as well.

Once engaged, in less than 90 days our initial VW assessment had identified the "broken bones"—and there were lots of them. The majority of issues facing our client were cases of misalignment among internal functions and also among internal departments and an extensive network of outsource providers, most of which were following their own operational schemas that fit poorly with our client's internal operations. Plus, technology support, both internal and from outsourcers, was poorly aligned with business-side support requirements.

Beyond finding the problems, we did recommend the fixes, which included: a) an adult dose of "corporate chiropractic" to bring everything back into alignment; b) redesign of technology support, including switching a major outsource provider over to our client's technology; and c) an internal reorganization around employee needs types (personal, professional, functional) instead of functions (travel, retirement,

insurance). And using the detailed roadmap we provided, the resident black belts and IT staff are now successfully implementing the corrective measures.

Why success with VW after years of unsuccessful Six Sigma attempts? Because VW has unchallenged strengths for quickly scoping the primary source of today's business process problems: *flawed exchanges of work and information between departments or with customers and suppliers*. VW's capability to find defects in the seams separating department from department and company from external constituencies is what finally revealed what was wrong—and identified how to make things right.

CRM IN CUSTOM MANUFACTURING

An MTO manufacturer was struggling to stay above water, despite dominant U.S. market share. Customer satisfaction was slipping below the radar screen, and enormous amounts of rework were obliterating profits and causing distressingly long cycle-times. A new, turnaround-expert CEO had been engaged, and together with a number of newly promoted and newly recruited senior managers, the CEO was looking for answers fast.

The new management team engaged HYM initially to design a CRM implementation that would address customer satisfaction issues and "slow the bleeding" in terms of customer defections. Working together with our client with VW as our "defect-finding" tool, we accomplished initial goals over a six-month period—a short time span considering the complexity of the business, which included four discrete businesses, each with its own plants and information systems. But we also accomplished something unexpected, at least to the client.

As accustomed during CRM implementation planning, we used Visual Workflow to analyze and redesign workflow and work process for field sales, inside sales, customer service and marketing. But in an MTO environment, there's no "hard wall" that separates front office from back office. Consequently, to the surprise (and delight) of our client, VW evaluated the entire product design system, the 13-site plant manufacturing operation, logistics, order-to-cash, collections and the entire IT resource.

Although VW was one part of a melded effort including both client resources and several other consulting groups, it played the lead role in designing and affecting changes including:

- Reduction in sales and customer service staff from 2,000 to 1,200.
- A completely revamped product design process.
- Reduction in factory count from 13 to 7.
- Automation of sales, customer service and marketing functions.
- A successful, "showcase" implementation of CRM technology.
- A major information systems revamp including a very high level of data integration among disparate systems.
- Elimination of an unprofitable customer segment then generating 20% of top line revenue.[6]

Today, this client has a much healthier bottom line plus much happier customers. The vision into their overall operations that VW provided is a major reason.

In addition to the benefits delivered by VW, this case also includes two important sidebars. First, HYM did not apply VW, then take our "black box" with us and leave. Instead, as we do with all clients, we *taught* the methodology so the client could continue applying it after we finished our engagement. And this client does continue to use it and has even invested in the ProCarta mapping automation software we use.

Second, we started employing VW just as our client brought in a Six Sigma expert from GE. As in the preceding case, this person was resistant to using a new process methodology he'd never heard of. But our senior client insisted, and the GE-vet reluctantly joined our initial input/mapping session. At the first break, he came

[6] By breaking down complex workflow into easy to understand VW pictographs, we were able to demonstrate that servicing the offending customer segment required a completely separate workflow than required for other customer groups—and the client decided to drop this customer segment, which was inherently low margin, rather than maintain a separate set of operations (a very good call, in our opinion).

forward and gave our facilitator a giant “high-five,” saying, “You don’t know how much work you’re saving us, doing what you’re doing.” As the sessions progressed, he even became the “relief facilitator.”

FINANCIAL SERVICES CRM

HYM is currently completing an extensive CRM implementation for a financial services client where VW played a critical role—not only in redesigning workflow, reengineering work process and defining technology requirements, but in mounting Change Management, Activity-based Costing and Balanced Scorecard initiatives as well.

From the workflow and work process standpoints, integrated consumer financial institutions—which offer banking, lending, insurance and investment services—are as complex as it gets. Nonetheless, with support from an enthusiastic and dedicated cross-functional client team, using VW we were able to completely redesign enterprise-wide workflow and information flow in only three months, including development of a comprehensive data integration schema involving a half-dozen mission critical software applications. Following this came very detailed work process reengineering and mapping that paved the way for configuration and introduction of a new legacy system, a prerequisite for getting to CRM.

But along with performing its standard role within CRM, VW created several additional opportunities:

- **Change Management:** Because this institution was migrating from a product-driven to customer-driven environment, a serious change management effort was required to help staff migrate from old environment to new. However, by virtue of VW's open communication and participative style, staff had ownership in the "to-be" workflow and work process before we started the migration. And as a result, the transition has gone much more smoothly than normal for shifts of this magnitude.

- **ABC:** As we progressed through the CRM implementation design, we realized that customer profitability measures were essential to guide us. However, delivery costs were highly variable not only across product lines but across customer types. We need to employ activity-based costing before we could determine profitability across either dimension. Fortunately, performing VW workflow and work process assessments prior to ABC eliminates 80 – 90% of the financial and human resource requirements to launch and ABC analysis, so we were most of the way home before we started.
- **Balanced Scorecard:** The complexity of financial institution operations leaves many employee groups and even managers unsure of their contribution to financial outcomes and also leaves many unsure of how to properly align their work with business strategies. That's fertile ground for Balanced Scorecard, which may be the best business alignment tool ever developed. However, initiating a Balanced Scorecard program can be very difficult, particularly in regard to prioritizing potential starting points and measurement points. But VW eliminates these issues by clearly indicating where attention is most needed and even pointing to the optimal key performance indicators (KPIs).

It's hard to imagine getting more mileage out of any one tool on an individual engagement; however, we're still learning all the ways to apply VW.

VI. ADDENDUM

ABOUT HIGH-YIELD METHODS

St. Paul, Minnesota-based High-Yield Methods was founded in 1994 as "High-Yield Marketing." The firm originally focused on providing consulting services to help clients convert to customer-centric business practices, including CRM—a practice area HYM continues to excel in today.

However, despite our track record for successfully developing customer-centric strategies and implementing CRM overall, HYM has become equally well-known for our unique approach to aligning strategies, business process and systems. This methodology—***Visual Workflow***—is now practiced by a growing circle of companies and consultants to resolve a broad range of front-office and back-office alignment issues. Accordingly, in 2003 "High-Yield Marketing" morphed into "High-Yield Methods," reflecting our expanded mission and capabilities.

HYM founder and Principal Dick Lee, who developed VW, is the author of several popular books on CRM and speaks internationally on the importance of aligning business and technology. Dick was a judge for the SIAA's 2005 Codie Awards honoring excellence in business process automation software, and he has a new book on Visual Workflow in the pipeline.