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# **Strategic Process Management:**

## **Optimizing Cross-Functional Performance**

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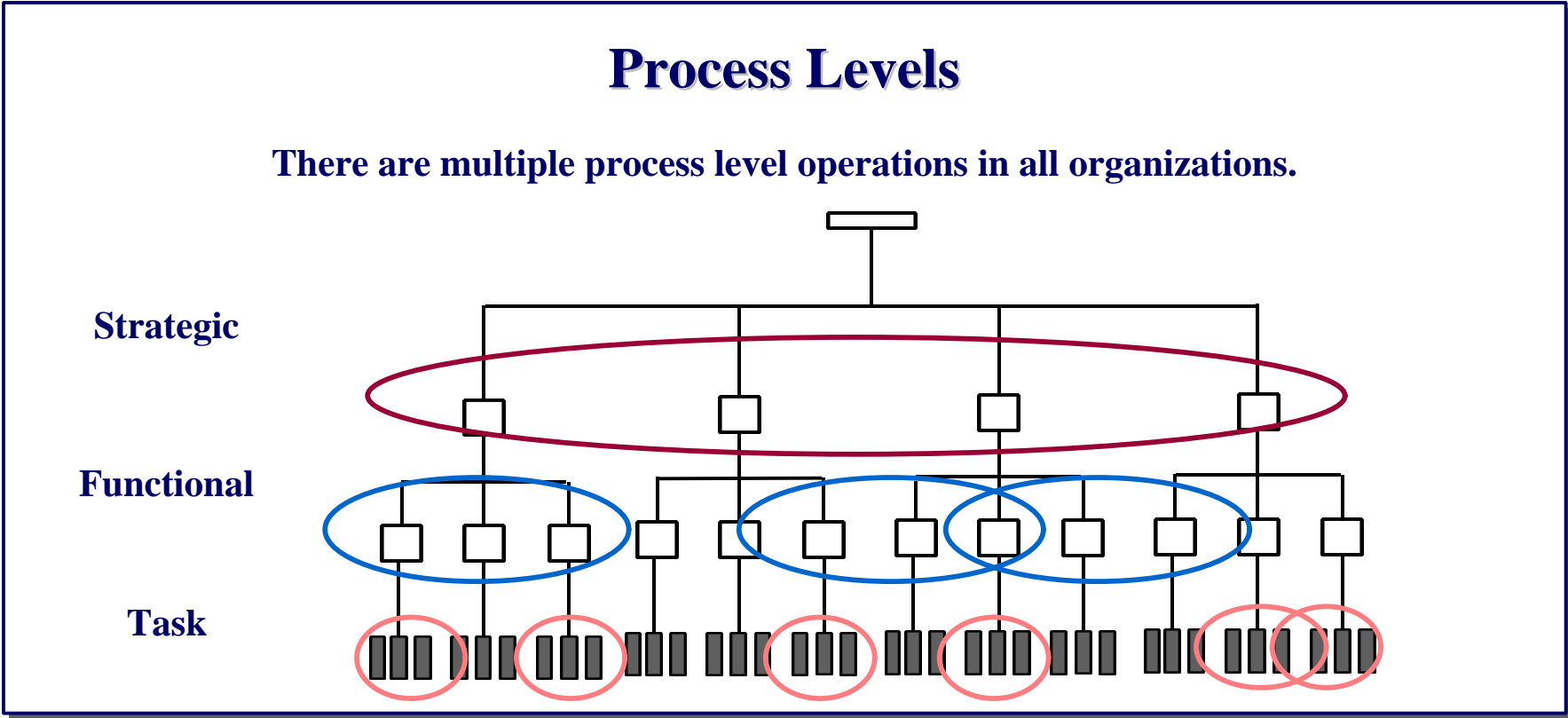
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# What is a Process?

**Definition:**

**A process is a series of activities that leads to an end result.**

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# What is Strategic Process Management?

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- ❖ **Viewing organizational work as a series of related core processes and critical subprocesses.**
- ❖ **Defining work activities as a process with inputs from suppliers and outputs to customers.**
- ❖ **Describing (mapping) how a process really works to increase understanding of how the process actually operates.**
- ❖ **Tracking and analyzing the performance of a process with strong reliance on measurement and hard data.**
- ❖ **Redesigning a process to improve performance.**
- ❖ **Utilizing a proven methodology to document, standardize, and improve processes.**



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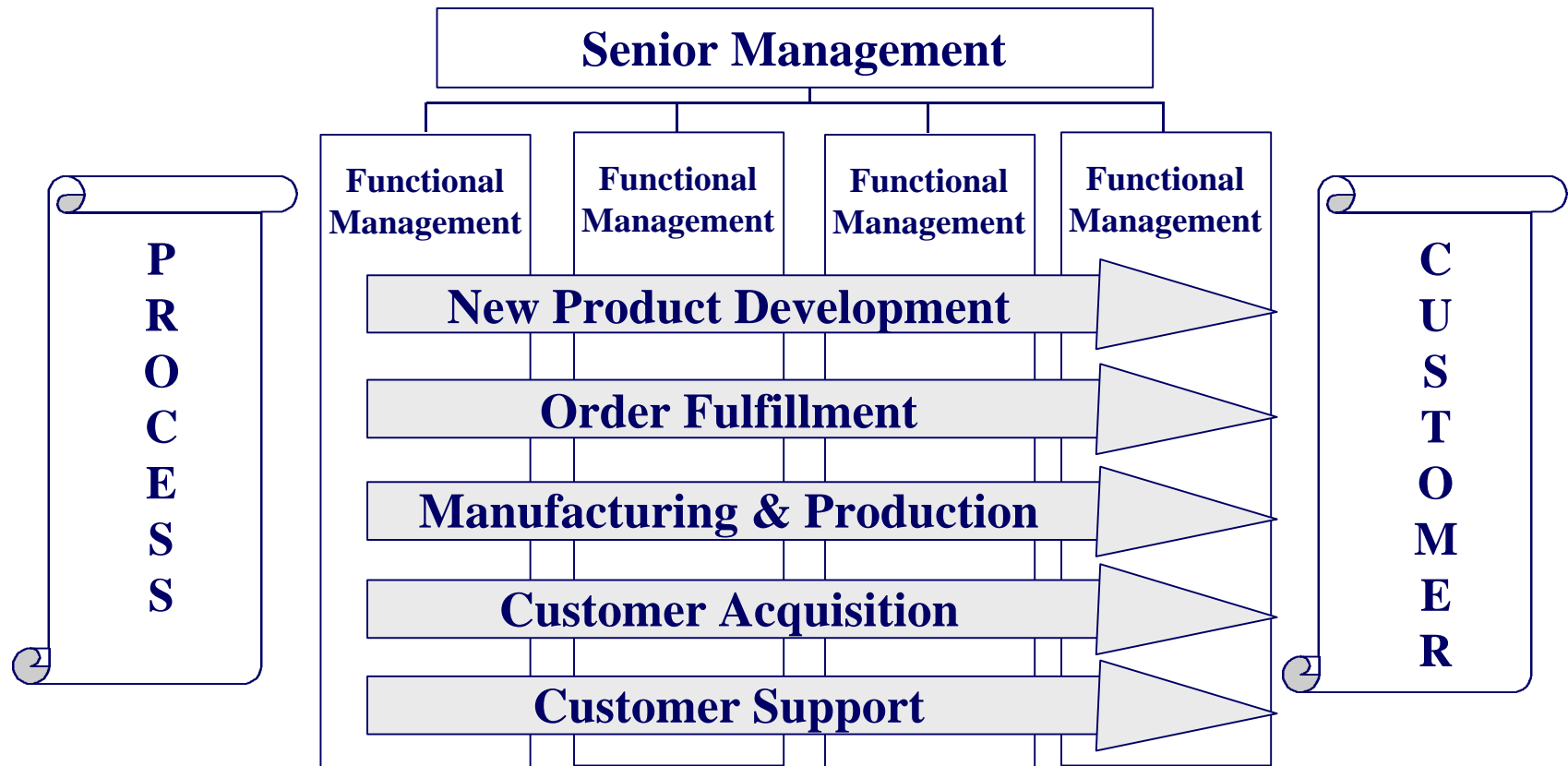
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# Why Strategic Process Management?

## Vertical Accountability Syndrome

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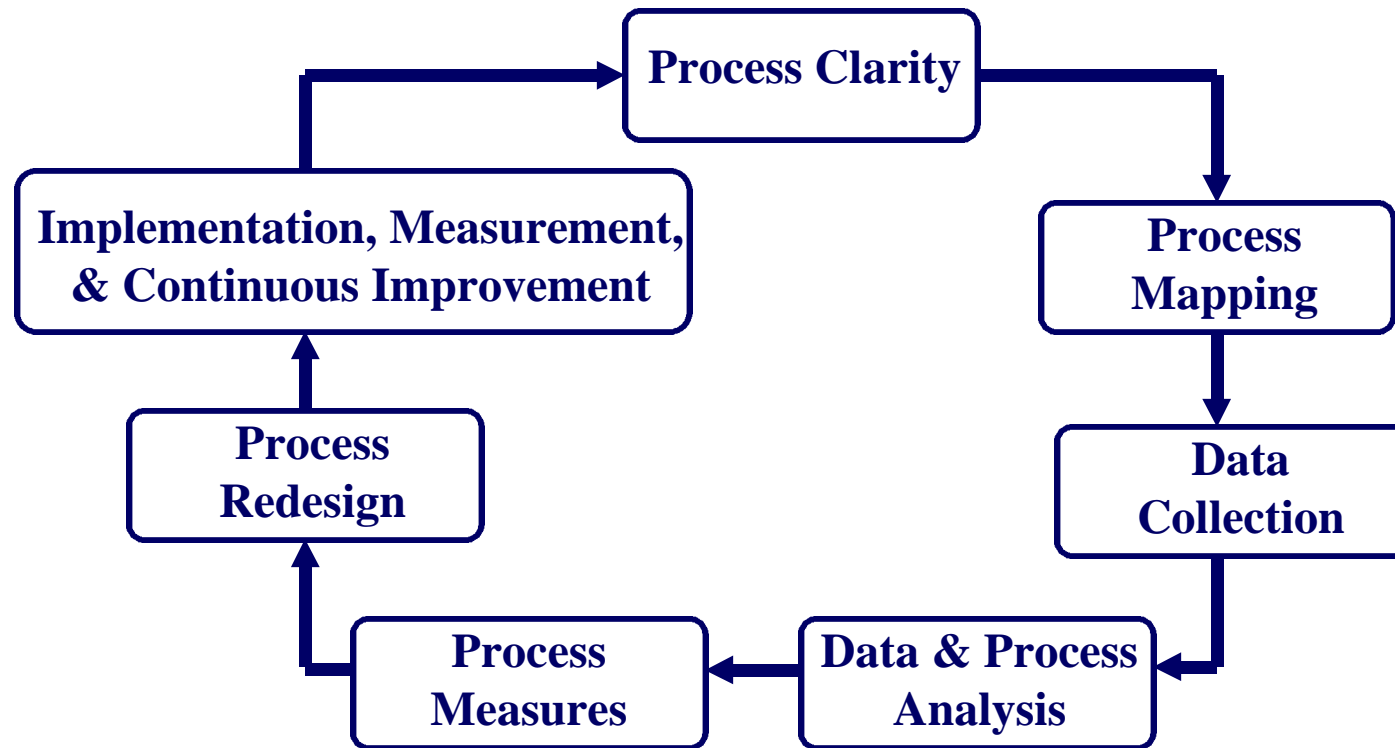
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# Strategic Process Management 7 Step Model

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# What Strategic Process Management is Not

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## Strategic Process Management is Not:

- ❖ **Just process improvement.**
- ❖ **Based on perception.**
- ❖ **Based on variation.**
- ❖ **A piecemeal approach.**
- ❖ **The activity of a single individual.**
- ❖ **The activity of one functional area.**



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# Strategic Process Management

## 7 Step Model

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- 1. Process Clarity** — This initial step links process management to the organization’s vision, values, and strategic improvement goals. It establishes the purpose and vision for the ideal process, and clarifies the team’s charter, roles, and responsibilities.
- 2. Process Mapping** — In this step, the team produces both macro and relationship maps of the strategic process. The maps are analyzed and loops, delays, rework, and breakdowns are identified.
- 3. Data Collection** — The process is controlled in this step and customers’ expectations of outputs and requirements are identified. The team collects and displays data on all aspects of the process and everyone involved in the process is provided information and an understanding of the activities.
- 4. Data and Process Analysis** — In this step, “hot spots” including loops, delays, rework, errors, added costs, etc., are identified by the team. The team completes a series of activities that assist with the analysis and begins process redefinition.
- 5. Process Measures** — The three to five highest priority “hot spots” are selected by the team and broad process improvement goals are established along with “stretch” goals for each “hot spot,” for example 25% reduction in costs, 50% reduction in cycle time, 100% record keeping accuracy, etc.
- 6. Process Redesign** — Effective and creative problem solving is used in this step to develop improvement plans. Improvement tools such as Cause-and-Effect diagrams, Pareto Analysis, Force Field Analysis, etc., are taught and used in this step. In addition, considerable effort is placed on the development and use of effective process measures to monitor improvements and the ongoing process.
- 7. Implementation, Measurement, and Continuous Improvement** — In this step, the effects of the process changes are measured and adjustments made and all process participants are informed. The team celebrates and refocuses on continuous improvement of the process.



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# Strategic Process Management

## Fundamental Rethinking

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- ❖ **Why do we do what we do?**
- ❖ **Why do we do it the way we do it?**
- ❖ **Do we need to do it all?**
- ❖ **Can we do it better, faster, and cheaper?**
- ❖ **If the slate were wiped clean, how would we do it?**
- ❖ **How could we do it so that the value we provide customers is maximized while our internal costs are minimized?**



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# Guidelines for Strategic Process Management

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- **When setting out to improve service/quality, it is essential to understand the key products and services; to know who the customers are; and to know what it will take to satisfy those customers.**
- **To transform or improve a process, you must first understand it and bring it in “control!” The process must work consistently and predictably.**
- **Service or quality is defined by meeting or exceeding the customer’s expectations and requirements...successful process management is a key element in delighting customers.**
- **Process management takes time (especially in the beginning) while everyone learns to use the techniques and process knowledge is established.**
- **Frontline involvement is critical to the work of understanding and improving processes...frontline servers and producers are the process “experts.”**
- **Successful process management requires highly involved leadership and support from management.**
- **Greater customer satisfaction and delight.**
- **Continuous, cumulative service/quality improvements — resulting in reduced waste, cycle time, errors, duplication, cost, bureaucracy; and productivity increased consistency, reliability, simplification, and standardization.**
- **Improved communication externally and internally and a reduction in barriers between work teams, departments, etc.**



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# Benefits of Strategic Process Management

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- ❖ **Greater customer satisfaction and delight.**
- ❖ **Continuous, cumulative service/quality improvements — resulting in reduced waste, cycle time, errors, duplication, cost, bureaucracy; and productivity increased consistency, reliability, simplification, and standardization.**
- ❖ **Improved communication externally and internally and a reduction in barriers between work teams, departments, etc.**
- ❖ **Increased involvement of individuals and frontline teams in process improvement.**
- ❖ **A more capable, learning, committed, and involved organization.**

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## Strategic Process Management Sample Client Results

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- **Reduced cost of transportation scheduling process by 62%, resulting in annual savings of \$1.5 million.**
- **Reduced transportation scheduling process cycle time by 65%.**
- **Identified and documented \$25 million in cost savings for a Good and Services Acquisition Process.**
- **Reduced total process cycle time of Goods and Services Acquisition Process from 70 days to 33 days.**
- **Streamlined industrial, commercial, and institutional new development process resulting in a 29% reduction in process cycle time, a 75% reduction in waste, rework, and duplication, and improvement to 100% in accuracy and completeness of file records and accompanying drawings.**
- **Reduced the cost of a customer telephone inquiry process by 48% resulting in annual savings of \$4.5 million, while improving customer satisfaction results by 25%.**

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