

# White Paper

# An Introduction to Business Process Improvement

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Joan is the Director of Education on the Board of the IIBA®-SA Chapter that she co-founded. Joan lectures in Business Analysis for ESI-International (an IIBA™ Endorsed Education Provider) and is an Executive Consultant in Business Architecture and Analysis, consulting to organizations at a strategic level and providing mentoring and coaching at a tactical level.

**As the economic crisis continues to ravage businesses around the world, more and more companies will look to efficient business solutions and improved products and services as a means to cut costs and increase profitability when undertaking strategic goal and objective planning. Strategic goals should not only focus on financial performance but should also include goals relating to customer value, competitor advantage, business operations that drive value to the customer and shareholders and the capabilities of human resources and other assets. To facilitate the journey to implement corporate strategies, executive teams often use the Balanced Scorecard (Robert Kaplan and David Norton 1996) technique to partition and frame strategic goals into specific categories in addition to financial output, for example Customer, Internal Business Processes and Learning and Growth.**

- Financial goals focus on finance and accounting themes that directly affect the bottom line for example: reduce internal costs by 15% this year; increase sales by 10% this year.
- Customer goals focus on how the customer perceives value from the business (cost and quality).
- Internal Business Processes goals focus on the value the organization offers to its customers in its products and services (cost and quality).
- Learning and growth goals address new product development, organizational skills development and application of technology and productivity tools.

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These themes answer questions such as:

- Who are our customers and how do they see us?
- How do we get the best results and returns for the money we spend?
- What must we excel at in terms of our core business?

## **Business Process Improvement**

To fix something (or to take advantage of an opportunity) we need to understand how it works. Organizations need to build their Business Architecture framework to determine the optimum project investment path for the enterprise including implementation of new business and technical system solutions and/or improving current business processes. This work is typically pre-project and consists of activities for capturing the current and future view of the enterprise which provides context to project requirements elicitation and solution design for a given initiative and/or for long-term planning. By investigating and analyzing cross-organizational functions, it is possible to identify duplication and redundancy of resources and assets. In a lot of cases of enterprise architecture too much focus is placed only on technology components without consideration of the business elements. It is only when we study and analyze the behavior of organizational elements in the context of daily operations that it will be possible to identify where the root causes of problems truly are that prevent the organization from achieving its strategic goals. This knowledge will begin to clearly identify duplication and gaps which in turn are used to refine the strategic plan.

For example some inhibitors that may be identified are:

- High employee turnover, staff not motivated, low productivity.
- Multiple systems have to be accessed by employees to do their jobs, multiple logins, usernames and passwords needed.
- Duplicate data storage – no single version of the truth – data is all over the place and lacks consistency.
- Multiple customer contact points ‘owned’ by different function areas constrain consistent customer service delivery.
- Too many handovers to other roles/business areas, turnaround takes too long and impacts negatively on customer service.
- Bottlenecks – staff working on too many things at once with no clear prioritization and limited focus on core activities.
- Too many projects implemented concurrently cause change ‘fatigue’.
- Organizational silos create communication breakdowns and uncooperative working culture.

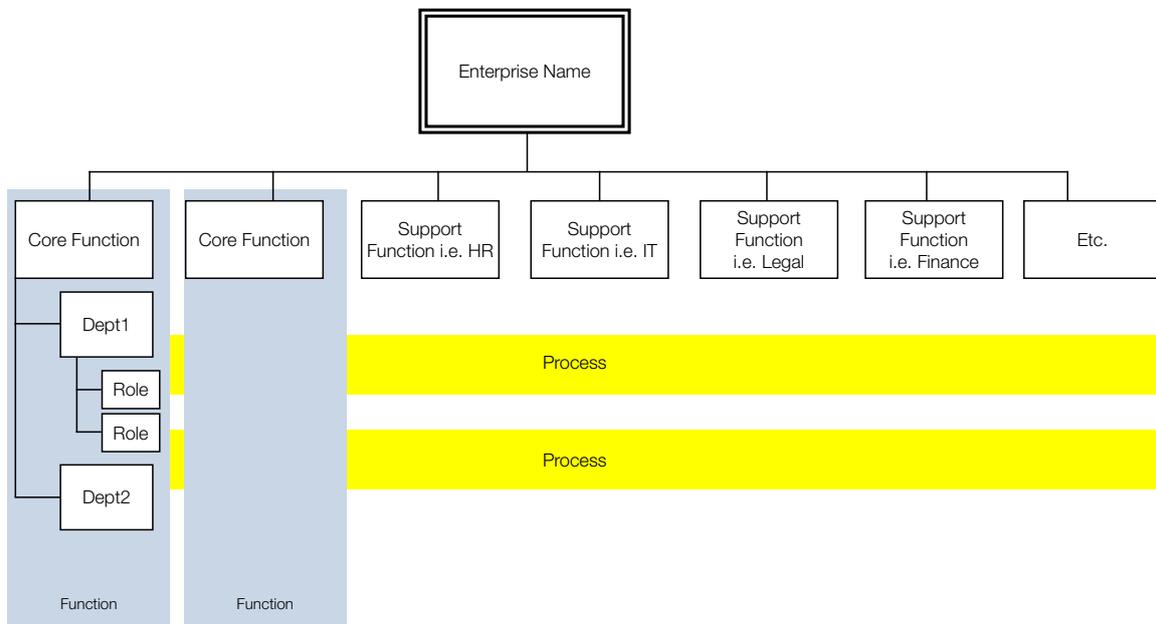
# Business Analysis

Business Analysis (IIBA® Guide to Business Analysis Body of Knowledge) offers significant benefits to

organizations and describes the Business Analysis activities that take place for organizations to:

1. Identify business opportunities,
2. Build their Business Architecture framework, and
3. Determine the optimum project investment path for the enterprise, including implementation of new business and technical system solutions.

Because organizations are often segmented into functional silos, rarely do employees have a global view of the enterprise and therefore they lack detailed understanding of how other parts of the organization function and come together during processes and daily operations.



**Figure 1: Functions are ongoing whilst a process has a defined start and end**

Business Analysis provides significant benefits to an organization by developing the overarching blueprint for current and future operations that helps the executive management team to:

- Determine how to meet the business strategy by organizing and prioritizing projects.
- Gain insight into duplication of effort and redundant projects.
- Effectively manage the project portfolio, including the initiation of portfolio management reviews and having the authority to stop projects.
- Gain necessary insight to identify and prioritize potential services provided to customers, suppliers, regulatory agencies, and other partners.

- Develop ways to make it easier for customers and suppliers to do business with the organization.
- Determine whether the benefits from any individual project will have much broader benefits to the overall organization than to a specific department.
- Most importantly, it provides a single, comprehensive view of how business operations are conducted and how all the business elements interact in the execution of a business operation.

## **Document the AS-IS**

Modeling the AS-IS will help the organization to understand how existing assets, competencies, organizational structures, processes and technologies come together to support the business strategy. Using the right model types will help to identify pain points, inefficiencies and deficiencies and to understand the organizational strengths. It is important to collect measurements and metrics. Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) must be in place. Metrics must be tied directly to strategic goals.

The AS-IS taxonomy can be built using the following models:

- Organizational models
- Goal models
- Impact models
- Event models
- Location models
- Workflow models, activity diagrams and other process models
- Use case models
- Data flow diagrams
- Conceptual and Logical data models
- Functional decomposition diagrams
- State diagrams
- Object models

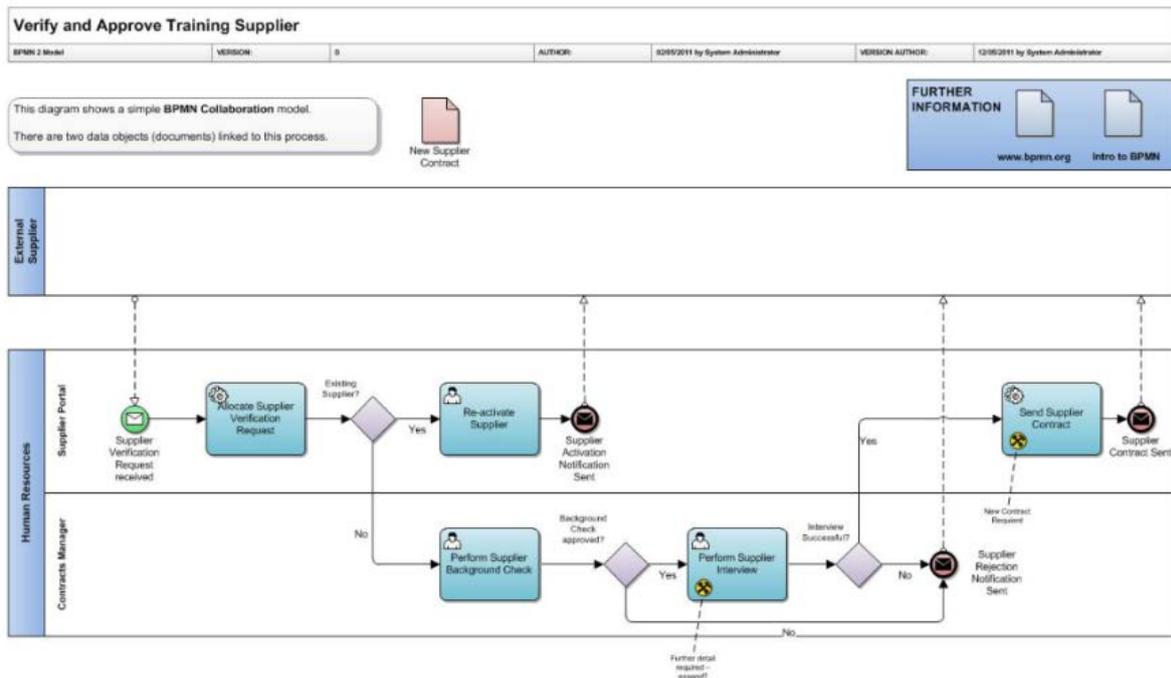


Figure 2: Example of an AS-IS process model (BPMN diagram) in iServer

## Document the TO-BE

When modeling the TO-BE views, consideration must be given to the following:

- How will the organization of the future function?
- What products or services will the organization sell or provide?
- With whom will the organization conduct business?
- What information is required to manage the organization at strategic and tactical levels and how will information be stored, reported and protected?
- How will the organization handle external requirements from governmental regulatory agencies, industry standards, and industry regulatory bodies?
- What systems and technology will be required to support the business?
- How will the organization handle and manage change within its new structure?

The end goal of the business analysis work is to understand:

- How the organization is currently structured and supported (the AS-IS).
- How the organization could be structured differently to achieve the business strategy (the TO-BE).
- How to maximize investment through cross-functional usage and minimize risk.
- How the organization can bridge the gap between the AS-IS and TO-BE effectively and efficiently through Portfolio Management.

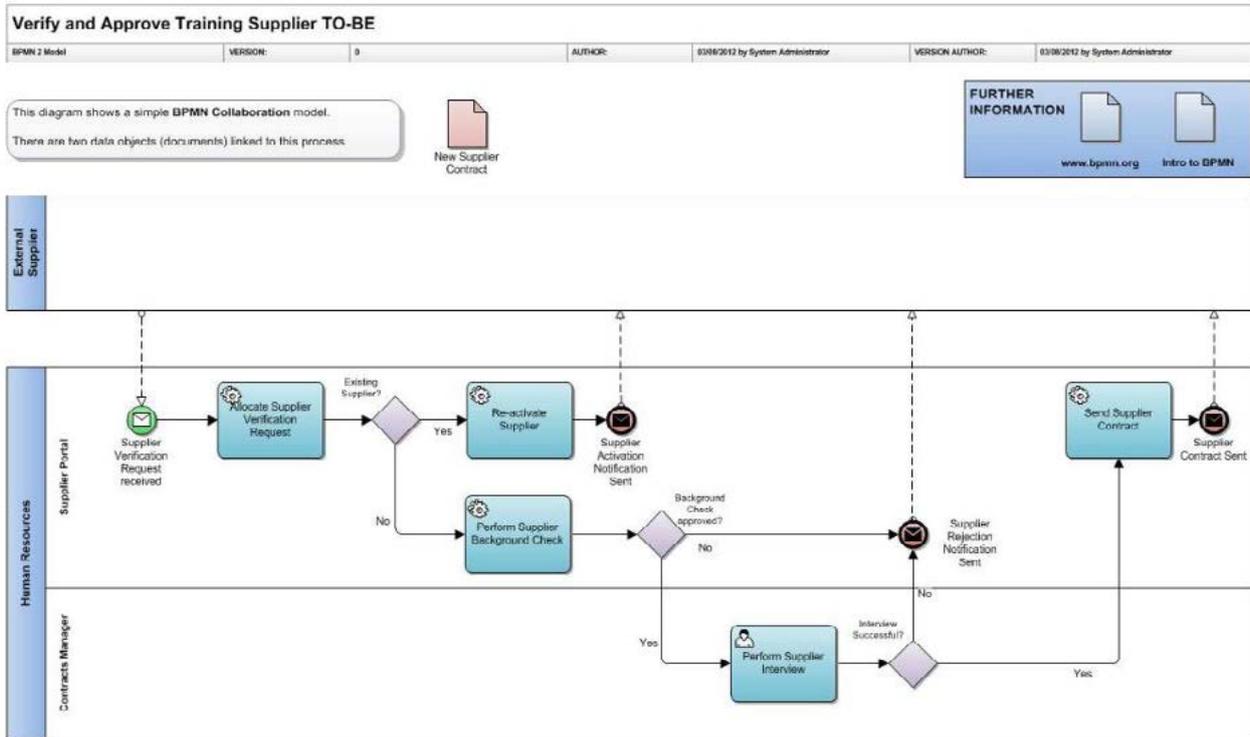


Figure 2: Example of an AS-IS process model (BPMN diagram) in iServer

## Project Portfolio Management

Project Portfolio management is:

The centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work, to achieve specific strategic business objectives. (PMBOK® Guide)

Portfolio Management must include both IT and non-IT projects.

Benefits of Portfolio Management to an organization include:

- Project initiatives maximize return on investment through cross-functional usage
- Duplication of efforts is minimized.
- Projects are organized, prioritized, monitored, and evaluated on a regular basis by the right people.
- Risks are managed by aligning the correct resources with projects across portfolios.
- Current and future needs are evaluated and potential risks are considered across the organization.
- Projects continue to support the business strategy.
- The business case for projects remains valid.

## Conclusion

Senior Business Analysts usually work with executive management teams to build the organization's business architecture and blueprint current and future views (including IT architecture) to identify gaps, inefficiencies and dysfunctional behavior. They have the ability and authority to work across cross functional areas and recommend solutions that maximize investment and reduce costs and risks. They are usually responsible for developing the business case for each solution initiative to justify the financial investment and to determine the feasibility of each solution option to ensure the right decisions are made for the right reasons. It is important for Senior Business Analysts (at this level may also be called Business Architects or Strategic Enterprise Analysts) to be highly skilled in business analysis techniques, highly experienced and senior members of the organization who have earned the respect and trust of all management and user levels through their demonstrated ability and knowledge of the organization.

## References:

International Institute of Business Analysis® - A Guide to the Business Analysis Body of Knowledge® (BABOK® Guide) Project Management Institute – Guide to PMBOK®

Kaplan R S and Norton D P (1996) "Balanced Scorecard: Translating Strategy into Action" Harvard Business School Press

The Open Group Architecture Forum (TOGAF 9)

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