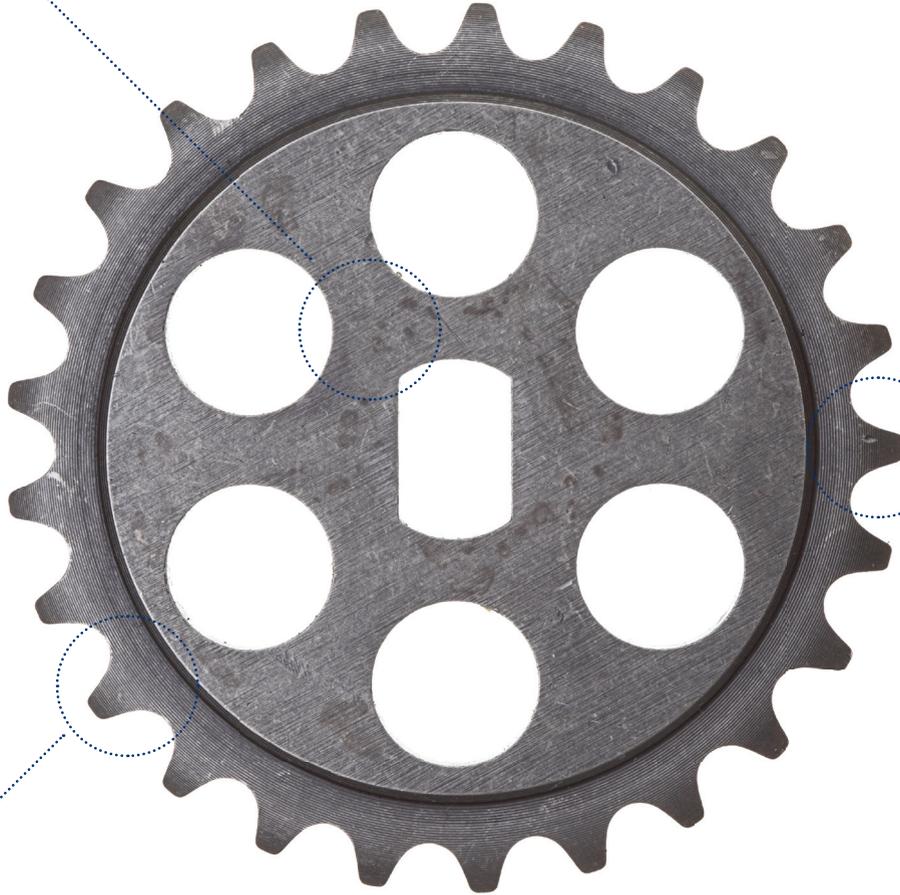


OPERATIONAL
EXCELLENCE



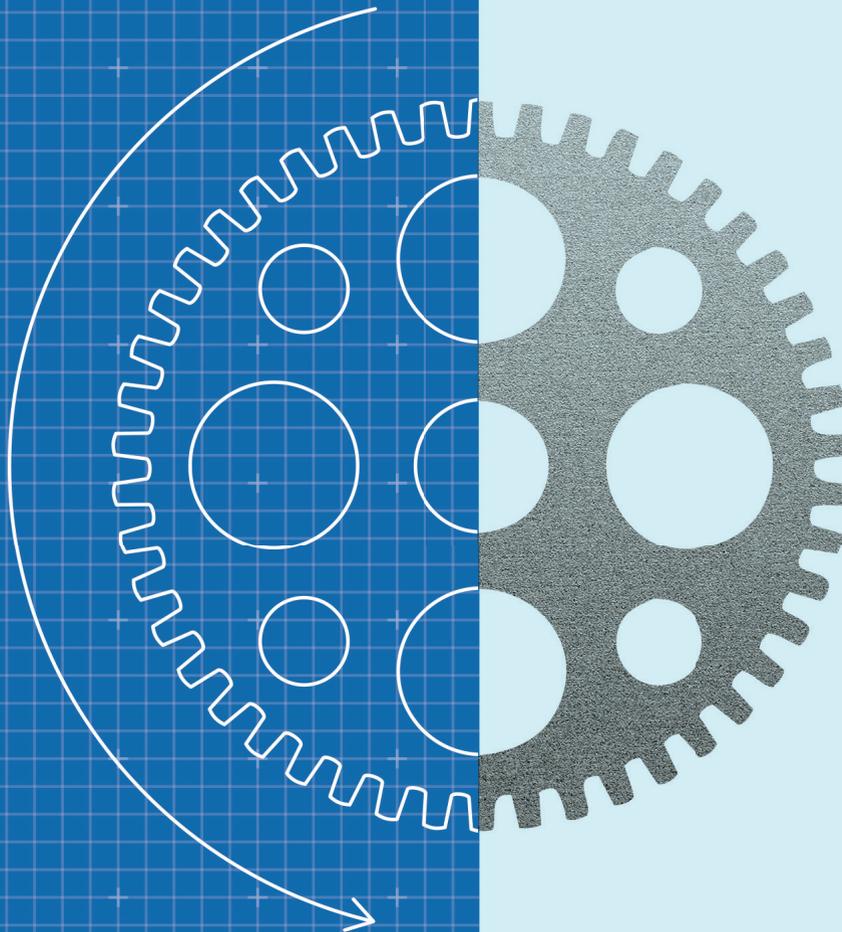
JABIAN CAPABILITIES

PROCESS ENGINEERING AND OPTIMIZATION

jābian
consulting

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WHAT IS PEO?

Process Engineering and Optimization (PEO) drives improvements to business operations through process definition, standardization, design, and redesign.

Process Engineering focuses on the design, control, and optimization of new processes. It is useful when a company is launching a new line of business or building a new organization, for example.

Process Optimization is used to adjust an existing process to improve some specified set of parameters. The most common goals are minimizing costs, maximizing throughput, maximizing revenues, and maximizing efficiency.

PEO is our approach to help an organization holistically evaluate an issue, identify and evaluate potential process improvements, prioritize an actionable solution, and implement the best solution for the organization.

Many times internal efforts to fix a problem fail because they do not identify the root cause and solve for the underlying process issue. Our process improvement approach enables a focused effort to analyze and define an optimized future state without stopping day-to-day operations.

Our methodology helps businesses align specific capabilities with strategic goals by defining and implementing improvements to existing and/or new streamlined processes.

WHEN DO YOU USE PEO?

Although many of the foundational tenets of PEO come from manufacturing, PEO and its tool kit are used across industry or function.

Process improvement is especially valuable in high-growth and fast-changing environments to improve quality or control issues, build new capabilities, and even diagnose situations where problems are occurring but there is no known cause.

PEO focuses on fulfilling business goals such as revenue growth, improved customer satisfaction, cost reduction, increased internal controls, etc. By focusing on business need, PEO provides solutions that align to the organization's strategic priorities.

The need for process improvement can be communicated in various ways. Sometimes it is not evident that process is at the root of the issue. Typically we see two different perspectives:



GOAL-ORIENTED VIEW

- Restructuring due to mergers/acquisitions
- Enabling new capabilities or new products
- Driving improvements – faster, cheaper, better



SYMPTOM-FOCUSED VIEW

- Unable to scale operations to support demand
- Declining metrics or inability to attain targets (e.g., revenue, cost, customer satisfaction, etc.)
- Experiencing quality issues

The goal-oriented and symptom-focused views are two sides of the same coin, both resulting in opportunities for business process improvements.

WHY IS PEO IMPORTANT?

Leaders at all levels of the organization may have a need for process improvement. Do any of the following questions sound familiar? If so, there may be an underlying process problem and an opportunity to employ PEO.

- Executive Leadership**
- Does business process meet customer needs?
 - Are processes sustainable for your 1-,3-,5-, or 10-year plan?

- Ops Leadership**
- Are operational costs and margins acceptable?
 - Are customers happy with quality, cost, and speed?
 - Can you measure your success – for quality, cost, speed, and customer satisfaction?

- Process Owner**
- Is the process standardized and well-defined?
 - Does it have clear ownership and accountability?
 - Does the process span across multiple parts of the organization?
 - Is there clear governance?
 - Are you experiencing higher defect rates or other symptoms?

- Upstream/
Downstream
Stakeholders**
- Are you getting what you need from upstream/downstream processes?
 - What are your dependencies?

- Third-Party Vendors**
- What are your SLAs?
 - Is process standardized and well-defined?

HOW DOES PEO WORK?

Jabian brings a strategic perspective into everything we do. When it comes to PEO, this translates into taking a holistic approach.

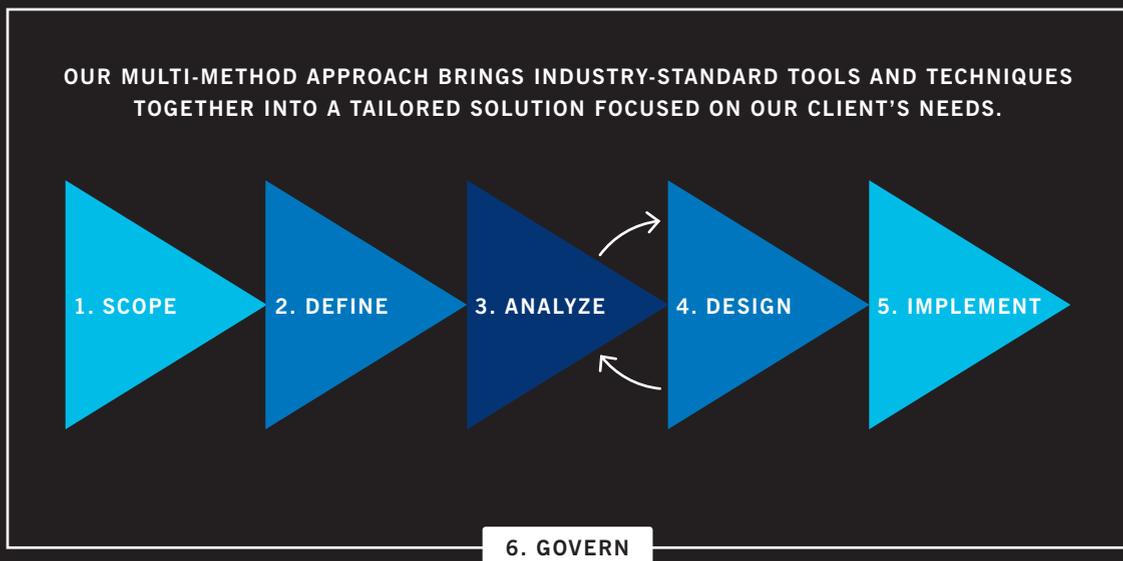
This means including process, technology, people, leadership, and strategy in the scope of our analysis and recommendations. Process improvement methodologies often focus on specific aspects of the process — reducing waste, improving critical path, etc. This is, of course, useful, but we bring a broader perspective.

OUR HOLISTIC APPROACH TO PEO



JABIAN PEO METHODOLOGY

The Jabian PEO methodology sets goals up front, and defines and analyzes the people, process, technology, and leadership involved to determine the optimal future state.



1



SCOPE THE PROBLEM

SET THE RIGHT GOALS UP FRONT

Setting goals up front, as a part of defining the project scope, aligns the effort to organizational strategy. Depending on the environment and project needs, the goals can range from simple to more complex. Both qualitative and quantitative goals are acceptable, as long as improvements can be measured over time. During implementation, the goals will help prioritize the work to contain scope and prevent change for the sake of change.



DEFINE THE PROCESS

A HOLISTIC SOLUTION INTEGRATES PEOPLE, LEADERSHIP, AND TECHNOLOGY INTO THE PROCESS

Process flows document the current state and define the future process. Using Business Scenarios as a starting point helps account for the end-to-end process, including exceptions and variations. Cross-functional working sessions take into account a range of perspectives to document the process, handoffs, pain points, and opportunities for improvement.

Process flows serve as an analytical tool and a future state deliverable. Here are three tips to making a process flow a more effective visual tool:

- **Create traceability.** The Jabian way leverages a business process framework as a starting place and incorporates the process segments into the process flow. Starting from a high-level big picture and adding more detail creates visibility to the end-to-end process, including handoffs and boundary partners up and downstream.
- **Represent people, process, and technology in the process flow.** This maintains a holistic perspective and helps identify issues with accountability, data flow, roles and responsibilities, or poor use of technology and tools, along with the sequence of steps.
- **Use notes, icons, or other visual keys.** Depending on the challenges, goals, or analysis, different types of visual keys can be useful. Some examples are notes to highlight pain points identified by stakeholders; icons to show repeating or iterative steps, wait time; labeling manual vs. automated activities.

The Jabian approach to process definition and analysis is not just about documenting step-level details. It is about representing a business process in a consistent language that makes the problem easy to identify and improve.



ANALYZE THE PROCESS

A FLEXIBLE APPROACH IDENTIFIES OPPORTUNITIES QUICKLY AND DRIVES MOMENTUM

This phase is the most critical within this methodology. Jabian uses a multi-method approach and a broad set of industry-leading tools to enrich process analysis (e.g., *Six Sigma*, *Lean*, *Kaizen*, etc.). The specific needs of each project will drive a unique tool kit.

Typically, we do a combination of qualitative and quantitative analyses. For example, we will engage cross-functional stakeholders to understand their anecdotal process assessments, pain points, and potential solutions. Whenever possible, we collect data to define a baseline and analyze the root cause and key drivers for the issues. In some cases, we find the data support our stakeholders' assessment, and other times the data point to other conclusions.

4



DESIGN THE SOLUTION

ITERATE WITH KEY STAKEHOLDERS

After the analysis we can design a future state keeping the original project goals in mind. We iterate between “analyzing the process” and “designing the solution” until we arrive at the optimized future process. This requires buy-in from stakeholders at varying levels to validate feasibility and support adoption. Remember to include boundary partners who could provide critical inputs or rely on outputs from the process.

5



IMPLEMENT THE ROAD MAP

ALIGN OPPORTUNITIES TO BUSINESS GOALS

The overall success of a PEO project depends, of course, on designing a robust new process. Success also requires alignment and communication with key stakeholders to maintain ongoing process integrity and champion the future state process. As you identify potential optimization projects, keep in mind that not all opportunities for improvement yield the same degree of impact. Use the goals and business objectives defined up front to quantitatively prioritize initiatives based on their value. This creates a feasible and actionable road map that will drive meaningful change.

6



GOVERN THE SOLUTION

CONTROL THE PROJECT AND THE PROCESS

A process engineering or optimization project will rarely involve *just* a process change. For example, people, technology, and leadership changes are almost always required to achieve desired outcomes. With all of these moving parts, appropriate governance must be in place from the beginning of the project to control change and build momentum. Governing the process with qualitative and quantitative metrics ensures the future state road map leads to an adopted, operational, and controlled process.

WHAT MAKES FOR A GOOD PROCESS?



SIMPLE

- Limit complexity so process is easy to follow and control
- Look for opportunities to eliminate waste/duplicate steps/handoffs



ROBUST

- Meets 80%+ of expected scenarios/variations
- Uses decision points to indicate multiple paths
- Incorporates needs of multiple stakeholders (including upstream/downstream audiences)



DOCUMENTED

- Process is repeatable and standardized
- Roles and responsibilities are clear (e.g., may have complementary RACI)
- Becomes a “living” record of the process as it changes



COMMUNICATED

- Expectations are clear and understood by all participants
- Clear and open channels of communication to all stakeholders



ERROR-PROOFED

- Process is designed to limit or prevent mistakes
- Risk assessment and contingency plans are built into the design



MEASURED AND CONTROLLED

- Customers of the process should help define success targets
- Process can be measured (reporting/metrics) to ensure consistency
- Clear ownership and accountability for results/outputs

PEO drives business operations improvements through our structured approach. We evaluate issues holistically to identify process improvements, prioritize feasible solutions, and implement the optimal solution for the organization. Our approach employs tools and best practices from industry standard frameworks while the specific needs of each project will drive a unique tool kit. Solutions align to appropriate organizational strategic goals as PEO affects all levels of an organization.



WHAT ARE THE KEYS FOR SUCCESS?

Our holistic approach is flexible and can be tailored to the specific problem, environment, and strategic needs of our clients. Here are a few Keys to Success worth highlighting.



1. Use appropriate frameworks to reap benefits quickly

Frameworks are a key part of Jabian's approach to solving problems. We have quick-start and industry-specific frameworks that will ensure the right amount of time and effort is put into this task without overanalyzing. These frameworks help define scope, impact, and stakeholders more quickly and completely.



2. Avoid overanalyzing existing processes

Typical process improvement projects spend a significant amount of time documenting As-Is and then developing To-Be process flows. The Jabian approach evaluates what is appropriate for your project given your improvement goals. In some cases, the current state and future state can be documented within the same process flow, showing changes to business as usual and documenting the refined To-Be process.

Scenario and Indicators

Existing process analysis

- New leadership and/or high churn of resources
- Process showing high defect rate, high cost, or other symptoms of a process problem
- Limited to no current documentation exists

New process/business function design

- Current processes are already documented and are maintained frequently
- New processes are being created to support a brand-new business, product, or organization

Change from existing to new process

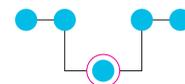
- Resources understand their processes and are able to highlight inefficiencies
- Desired end-state is clearly understood, and planning structures (*funding, resources, etc.*) are already in place

Standardize process

- Multiple processes for completing same activities, which creates inefficiencies
- Ideal future-state process is designed, and a gap analysis is completed against As-Is

Process

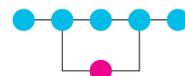
As-Is



To-Be



Hybrid As-Is and To-Be



Our approach is to use process flows as a tool for analysis, serving as a means to highlight process issues, develop a future state, and manage the change within an organization.



3. Engage the right stakeholders throughout the project

The Scoping phase at the beginning of all projects defines process scope, goals and priorities, and key stakeholders. Identifying the appropriate stakeholders can be challenging. Using a process framework view of the company helps to identify upstream and downstream boundary partners, internal customers, and other connected stakeholders.

Our cross-functional approach creates dialog and prevents working in a silo. To develop the most effective solution, we involve stakeholders in working sessions and as part of project leadership.

Stakeholders often have competing priorities. Keeping a cross-functional team engaged throughout the project allows stakeholders to provide varied input and perspective, drives buy-in, and develops change agents to support implementation.

Formal project governance is also an important element of our methodology. Setting up a steering committee and identifying project sponsors helps guide progress and adoption through the project. The steering committee sets initial direction and provides guidance, and the individuals that comprise the committee ultimately serve as champions for change, helping to manage the transition to steady state.



4. Address the root cause, not the “Band-Aid” fix

Sometimes companies move too quickly and end up solving for the wrong problem. Experienced consultants, trained in various process improvement methodologies, comprise our teams. Using established methodologies, critical thinking, and facilitation techniques, we uncover the root cause so our solutions and implementation efforts yield lasting improvements.



5. Align the implementation to organization needs and culture

It's important to understand the context and the organization within which the process exists. We take the time to define the project goals up front during the scoping phase. Taking the context and goals into account during analysis, we can design a solution tailored to the unique needs of the organization. In addition, the project goals, which must be aligned to the strategic goals of the organization, will serve to prioritize the projects included in the improvement road map.

Jabian has a wide range of expertise across the people, process, and technology domains, helping us serve as a strategic partner with our clients throughout implementation.



Project goals must be aligned to the strategic goals of the organization to avoid making change for the sake of change.



6. Protect the customer experience *

Sometimes financially driven priorities overshadow the customer experience when seeking efficiency gains. A focus on the customer can drive additional improvements to your business that leadership can't see when they are solely focused on the financial. Here is how to ensure you keep the customer in mind:

1. Integrate customer value into the definition and analysis of your process;
2. Engage internal customer advocates to incorporate an external perspective;
3. Include customer data to support process improvement priorities;
4. Define customer-value metrics and customer-centric success criteria.

* For more information, please refer to the Fall 2014 Jabian Journal article, Applying a Customer-Centric Approach to Process Improvement.

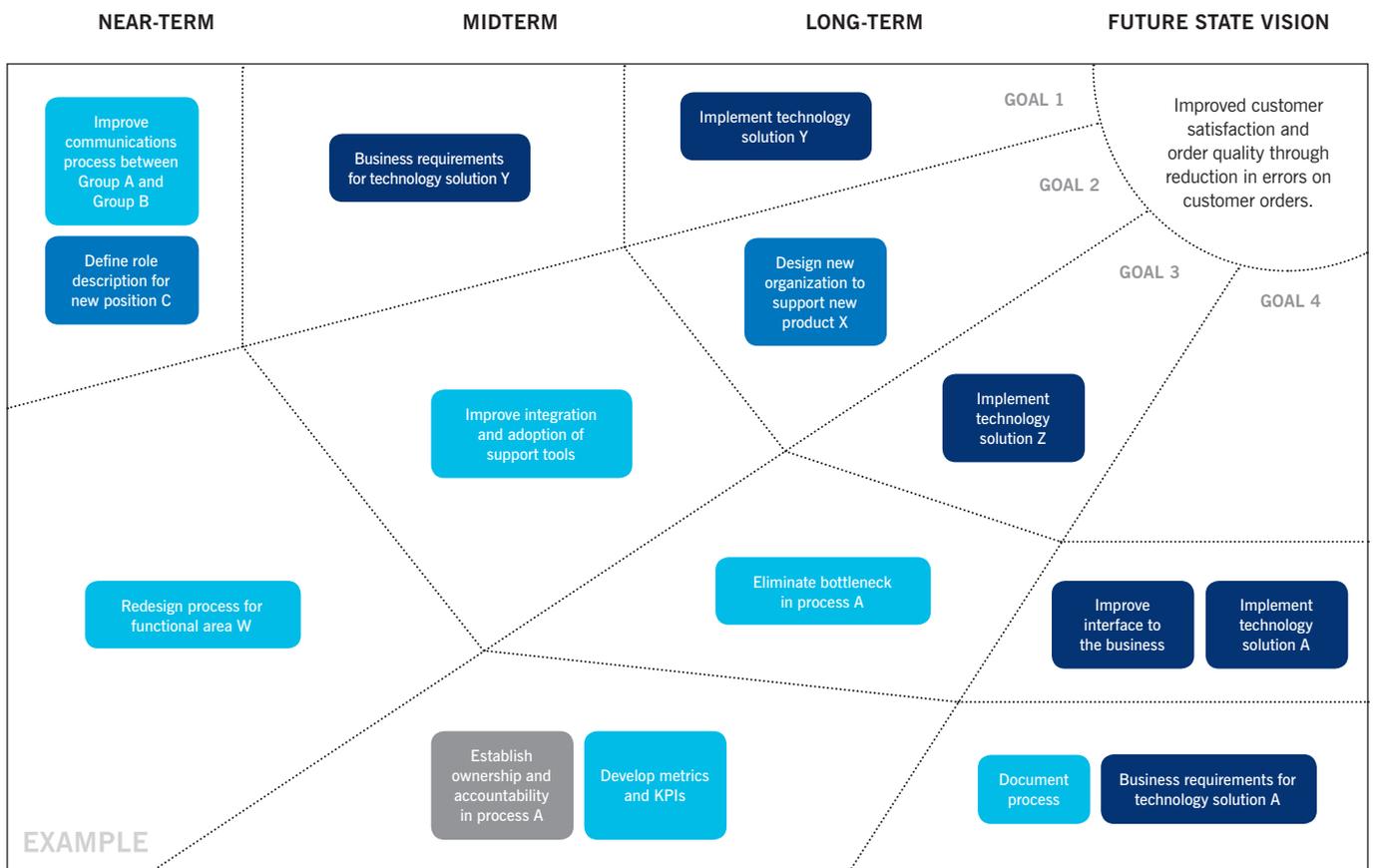


7. Keep the future state within reach

There is a great saying, “You eat an elephant the same way you eat anything else, one bite at a time.” Though the end goal may seem far off and hard to reach, a road map is key to getting there. Our projects include a prioritized road map that breaks the future state into “bite-sized” projects and action items. We are confident our clients have what they need to optimize their process and attain the future state vision.

Our road map prioritizes the improvement opportunities and develops a list of quick wins, short-term projects, and longer-term projects. As described in *The Jabian Journal* article “Momentum Matters: The Importance of Balancing Quick Wins Within Transformational Change,” “Quick wins can allow the business to more quickly see results and realize ROI. For the executive under pressure to deliver results, quick wins can prove enormously helpful in demonstrating value as the project develops, not just when it is completed.”

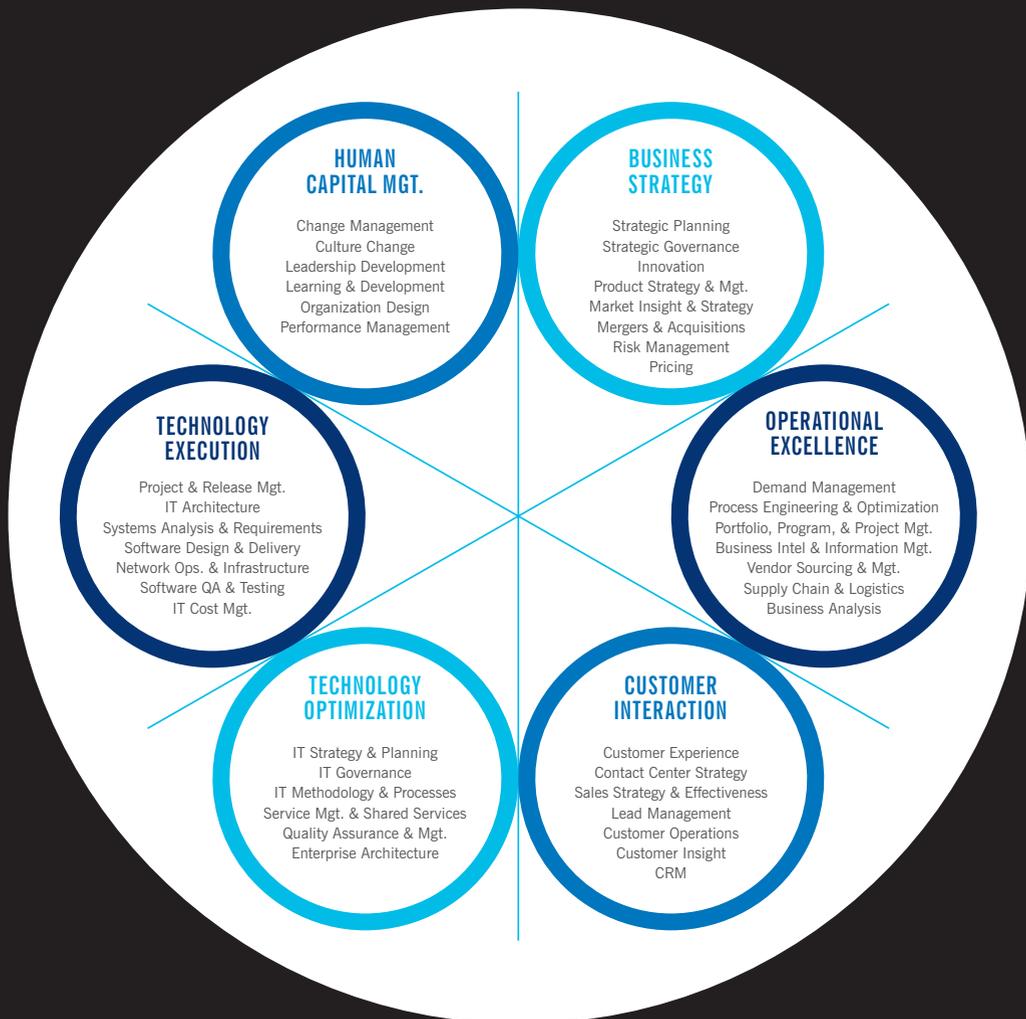
The final road map is made up of prioritized process improvements bundled into initiatives for execution. See example road map below.



Types of initiatives on the road map may include:

<p>PROCESS</p> <ul style="list-style-type: none"> + Demand Management + Portfolio, Program, & Project Management 	<p>PEOPLE</p> <ul style="list-style-type: none"> + Change Management + Organization Design + Learning & Development 	<p>TECHNOLOGY</p> <ul style="list-style-type: none"> + Business Analysis + Release Management 	<p>LEADERSHIP</p> <ul style="list-style-type: none"> + Leadership Development
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Jabian is your partner from strategy through implementation.



A holistic and well-defined set of initiatives is aggregated and prioritized into a solution blueprint.

The road map represents what to focus on first to implement the process, technology, people, and leadership solutions needed to achieve the future state. Many of these initiatives align to Jabian's robust portfolio of offerings (shown above), positioning Jabian to serve as a trusted partner from start to finish.

About Jabian

Jabian Consulting is a strategic management and technology consulting firm with an integrated approach to creating and implementing strategies, enhancing business processes, developing human capital, and better aligning technology—ultimately helping clients become more competitive and profitable. Jabian blends functional expertise, industry knowledge, and senior experience to think strategically and act practically. It's a Strategy that Works®

For more information, visit www.jabian.com.

