ng & Implementing ERP Projects

Iftikhar Nadeem
Senior Consultant, E-Business Solutions
Center for Economics & Management Systems
Research Institute, KFUPM

Planning and Implementing E-Business Projects

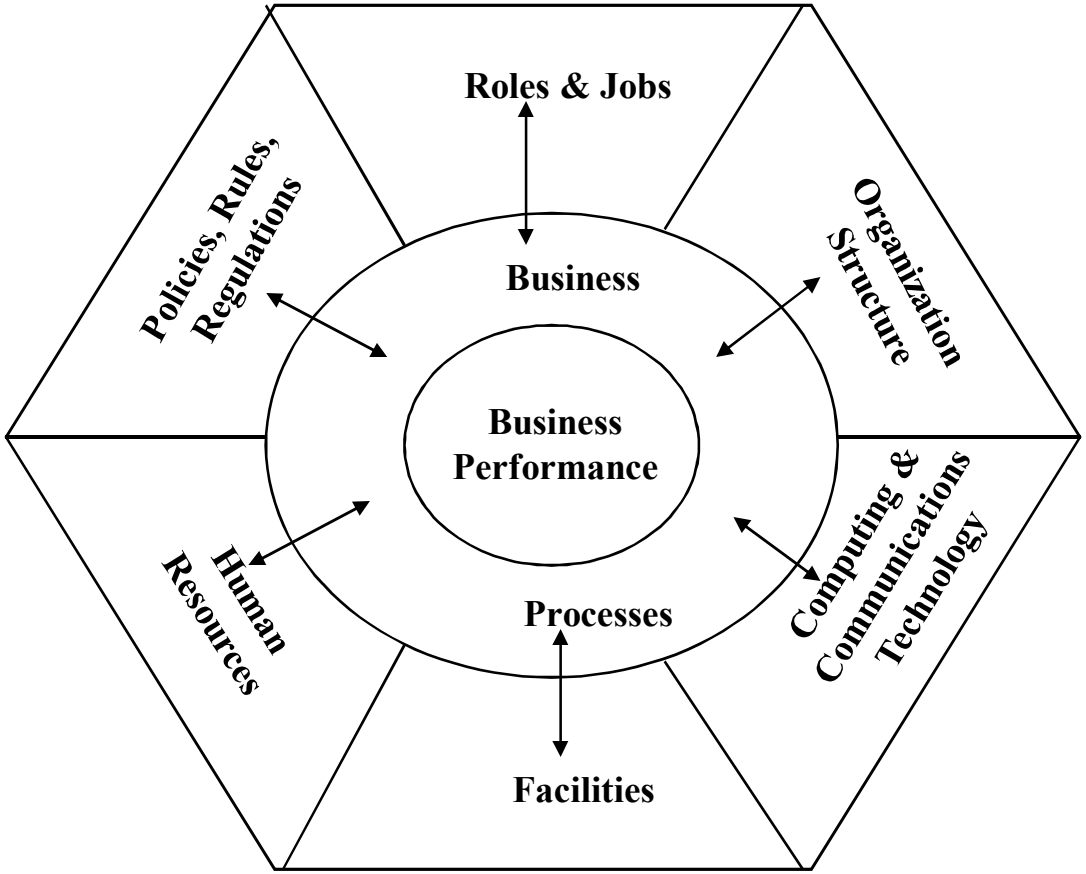
- **Business Process Renewal**
- **Business-Technology Alignment**
- **Milestones of an E-Business Project**

E-Business Projects are Business Process Renewal Projects

What is Business Process Renewal*?

The measurable improvement of business performance through synchronized changes to:

- **a process**
- **its guiding factors**
- **its enablers**



ocess ?

It's everything we do!!

Is triggered by an external business event.

Is comprised of all the activities necessary to provide the appropriate business outcomes in response to the triggering business events.

Transforms inputs of all types into outputs, according to guidance (policies, standards, procedures, rules etc.) employing reusable resources of all types.

Contains activities which usually cross functions and often organizational units.

Has performance indicators for which measurable objectives can be set and actual performance evaluated.

Delivers a product or service to an external stakeholder or another internal process.

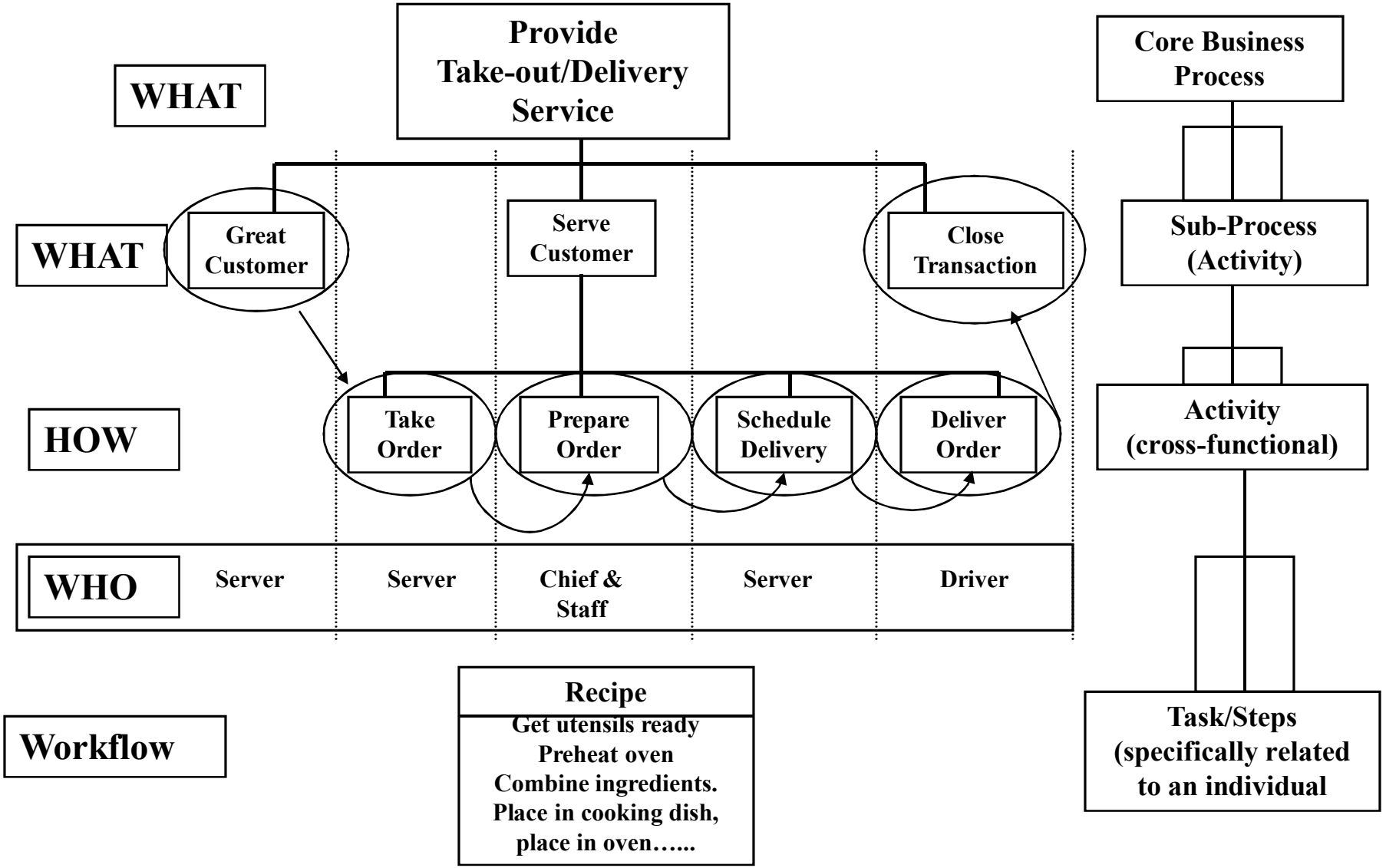
Usually connects to other processes.

It's HOW we do what we do!

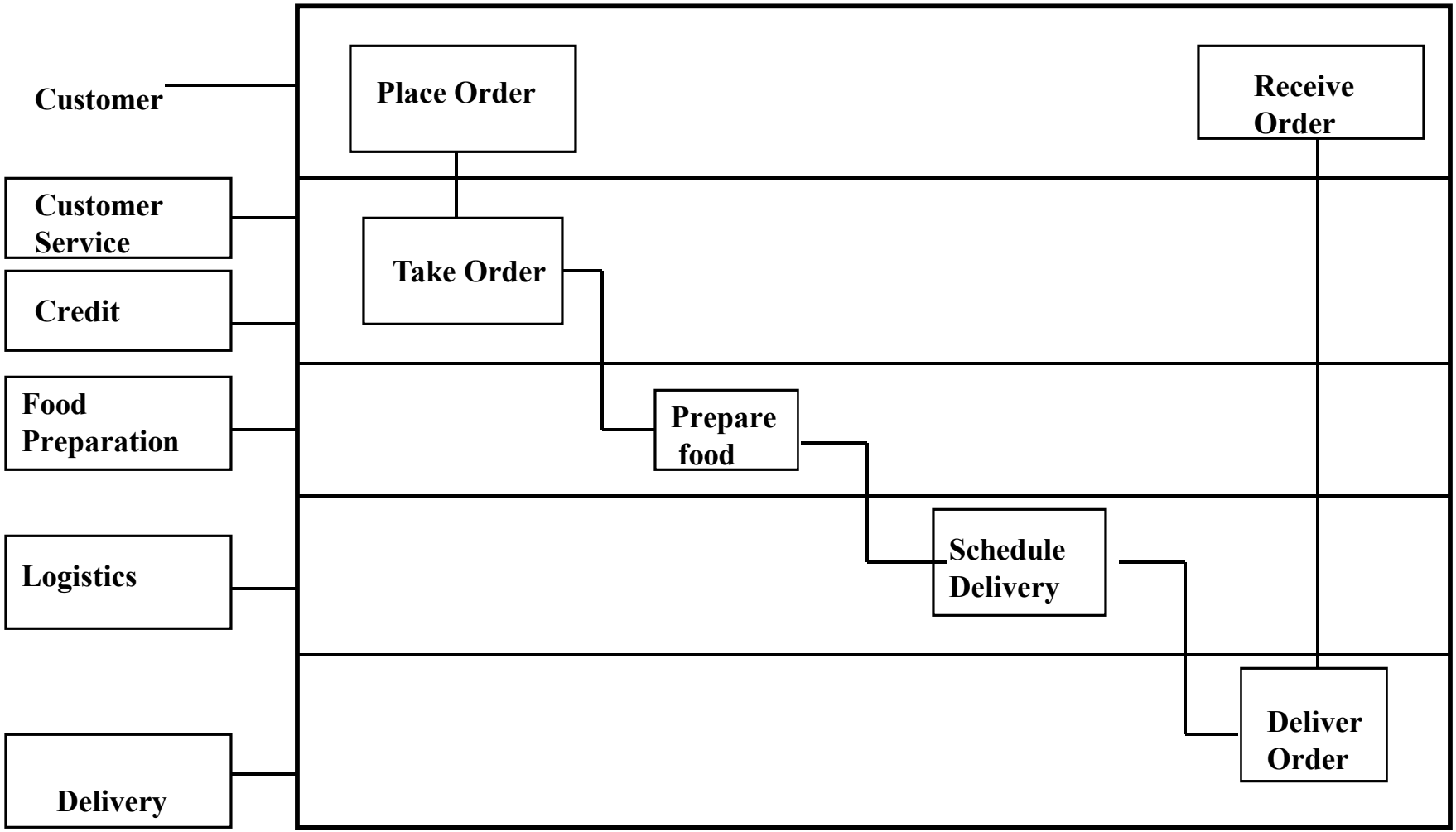
s Processes

Characteristics	Service	Manufacturing
Ownership	Tends to be ambiguous, has multiple owners and crosses functional areas.	Usually clearly defined
Boundaries	Often unclear due to cross-functional nature.	Clearly defined
Control Points	Often non-existent, found in areas where TQM is in place.	Clearly established and defined
Measurements	Often non-existent, hard to find except in areas where TQM is in place.	Easy to define and manage
Corrective Action	Unusually reactive, organizational restructuring or technology a common solution.	Performed during and after the process

Breakdown



business activities



Processes

CORE business processes are linked directly to external customers and their values.

CORE business processes meet marketplace demands on a day to day basis.

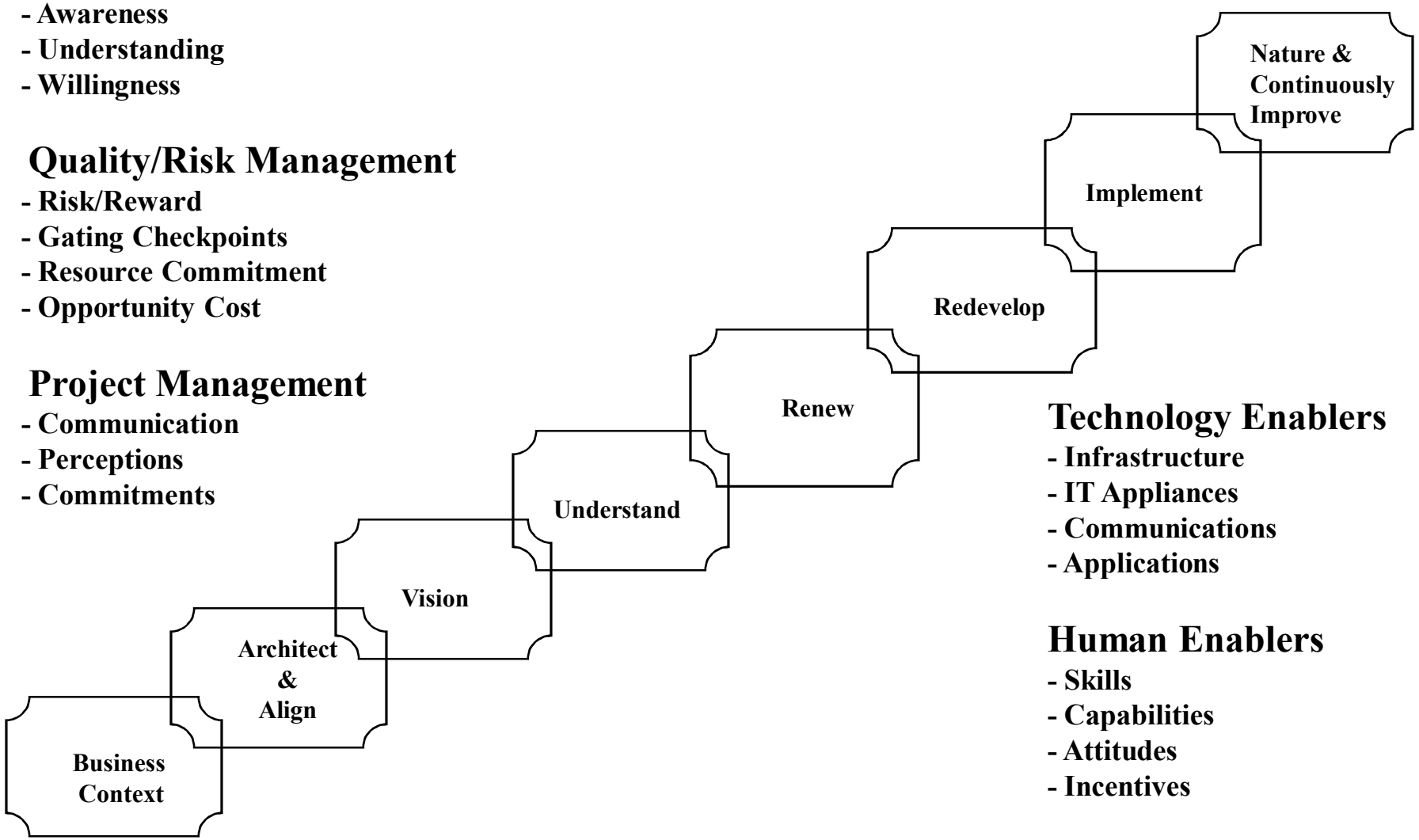
CORE business processes guide, control, plan, enable or provide resources to the CORE and other SUPPORT business processes.

rocess Based Change

Political Commitment Management
- Awareness
- Understanding
- Willingness

Quality/Risk Management
- Risk/Reward
- Gating Checkpoints
- Resource Commitment
- Opportunity Cost

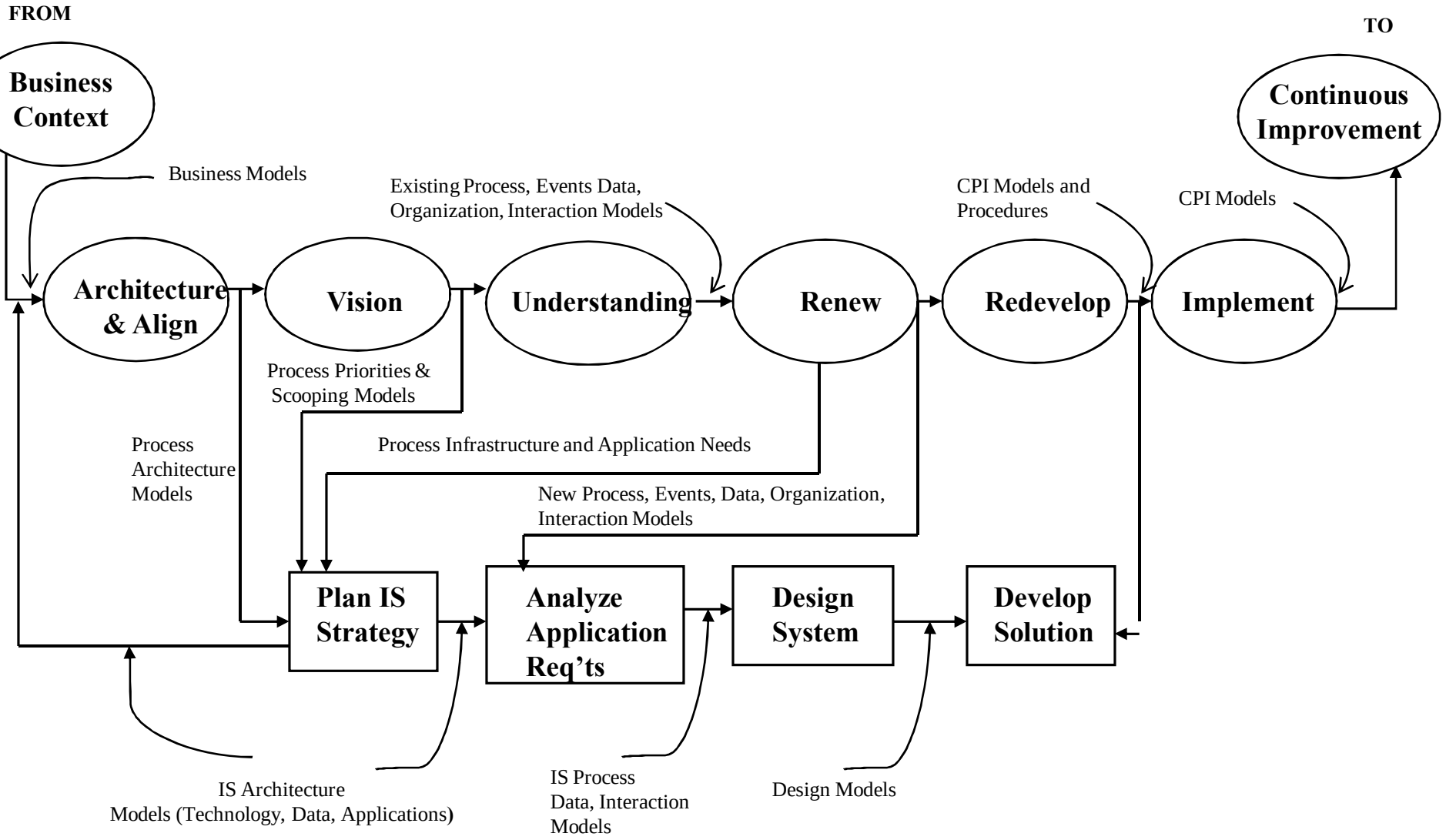
Project Management
- Communication
- Perceptions
- Commitments



Technology Enablers
- Infrastructure
- IT Appliances
- Communications
- Applications

Human Enablers
- Skills
- Capabilities
- Attitudes
- Incentives

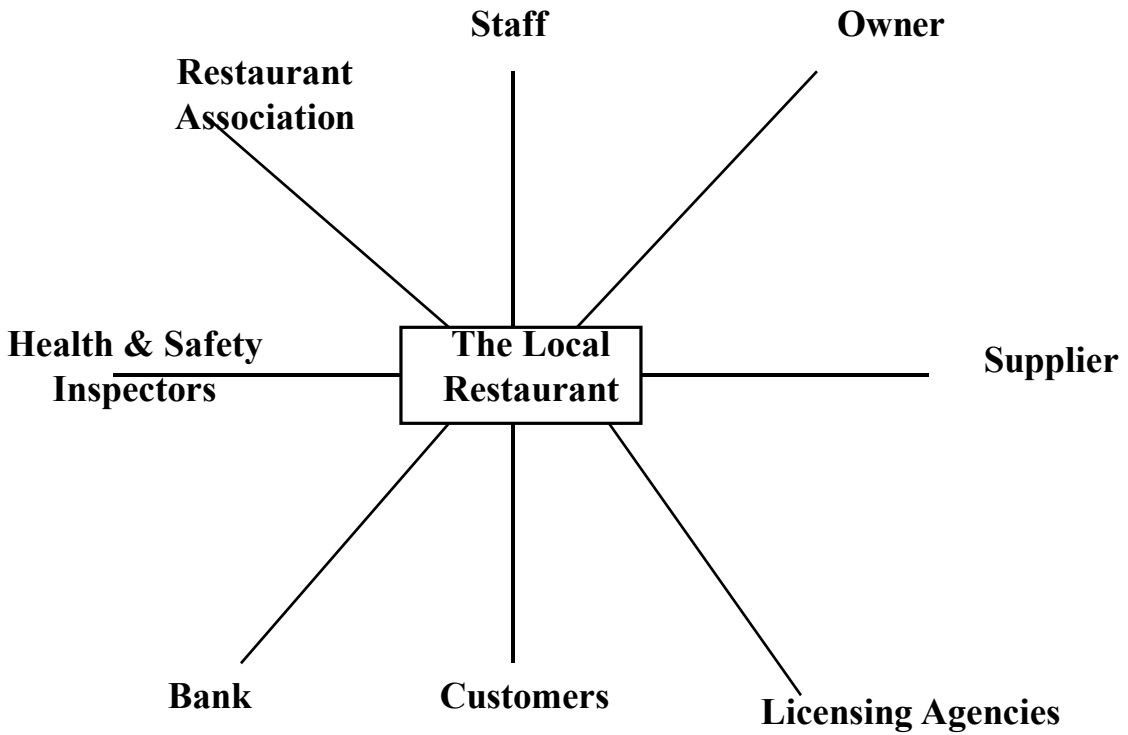
ween BPR and systems Development



terprise Interactions (Flows)

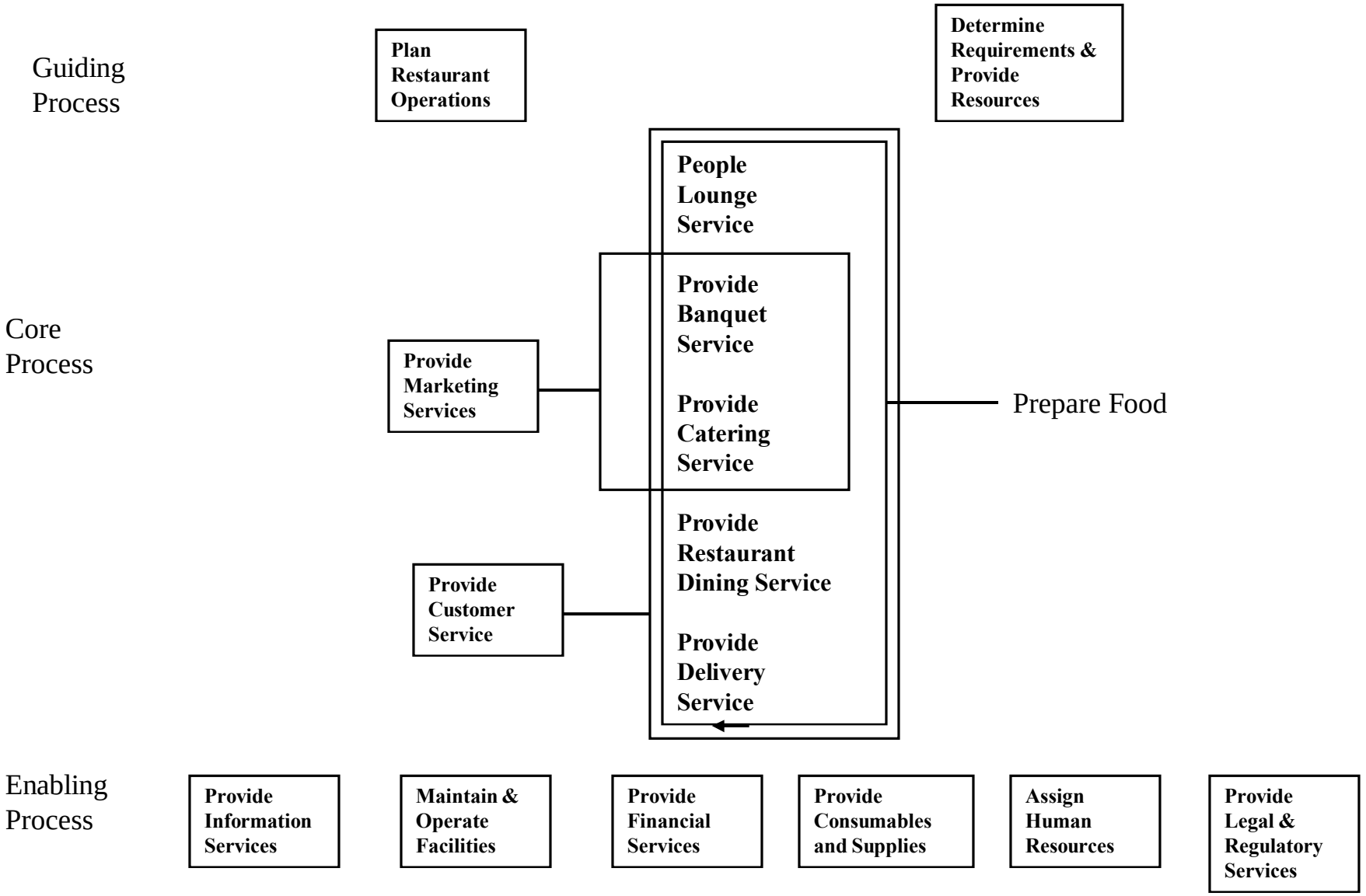
(Business Context)

1. $
2. Orders
3. Incentives
4. Awareness, Advertising
5. Complaints, Feedback
6. Supplies (Food, Non-Food)
7. Time
8. Training
9. Applications
10. Jobs
11. Trends
12. Requirements
13. Operating Info. (Financial)
14. Regulations
15. Approvals, Violation Notices
16. Applications, Requests

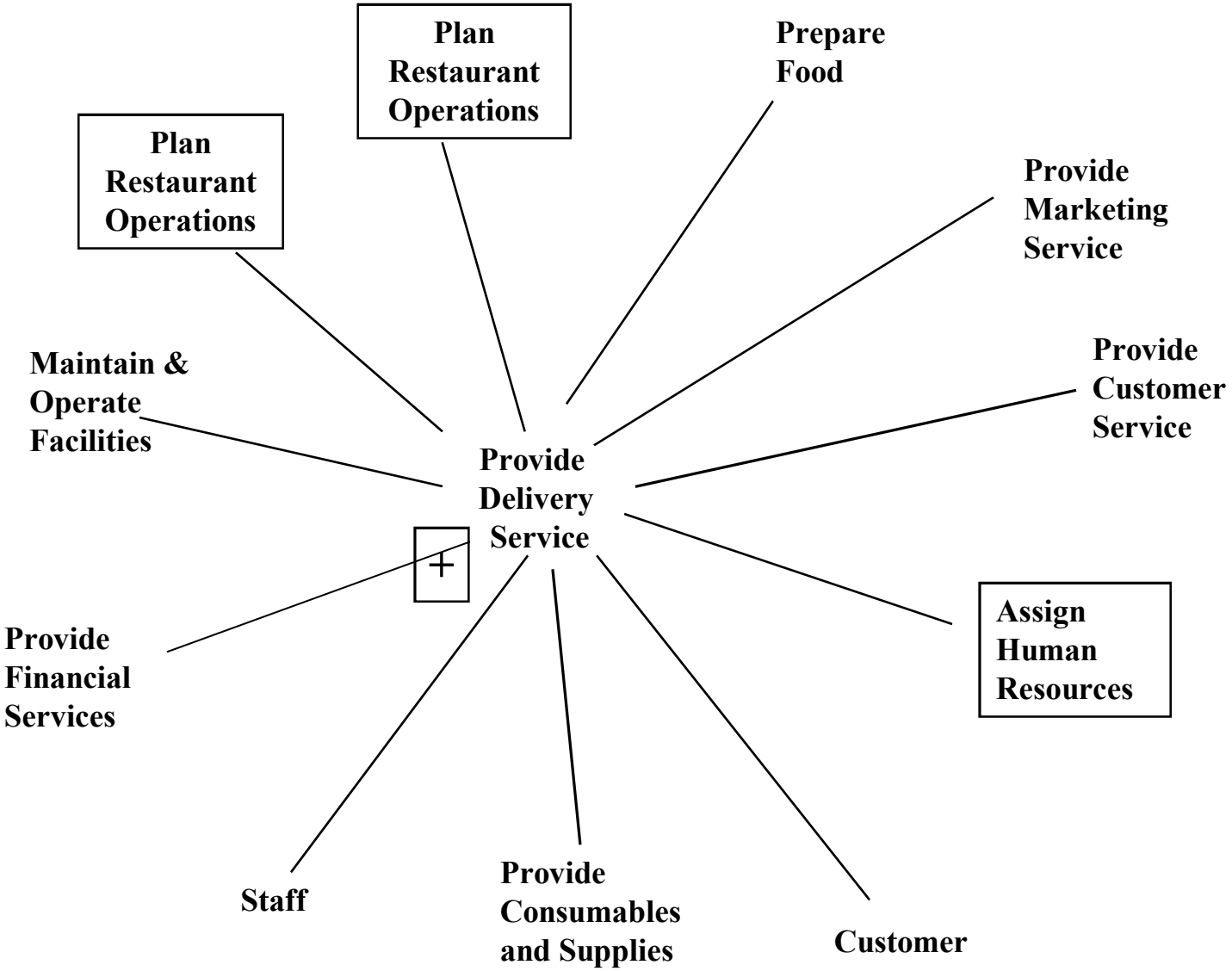


Everything which flows must link to at least one process

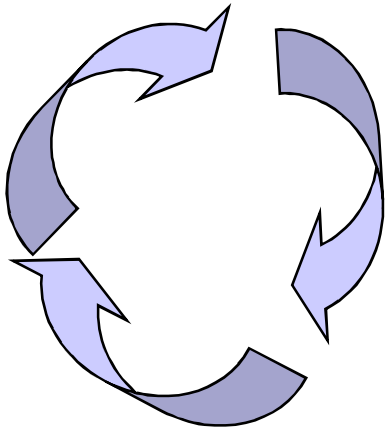
cture Diagram



rocess Interfaces”



SO important?



Business Differentiation

- Competitive Advantage
- The question is not whether to change, but how to change

Technology

- Directly supports processes
- Naturally cross functional and organizational boundaries

Financial Pressures

- Reduced Costs
- Increased Output
- Consistent Quality

ess and Project Vision

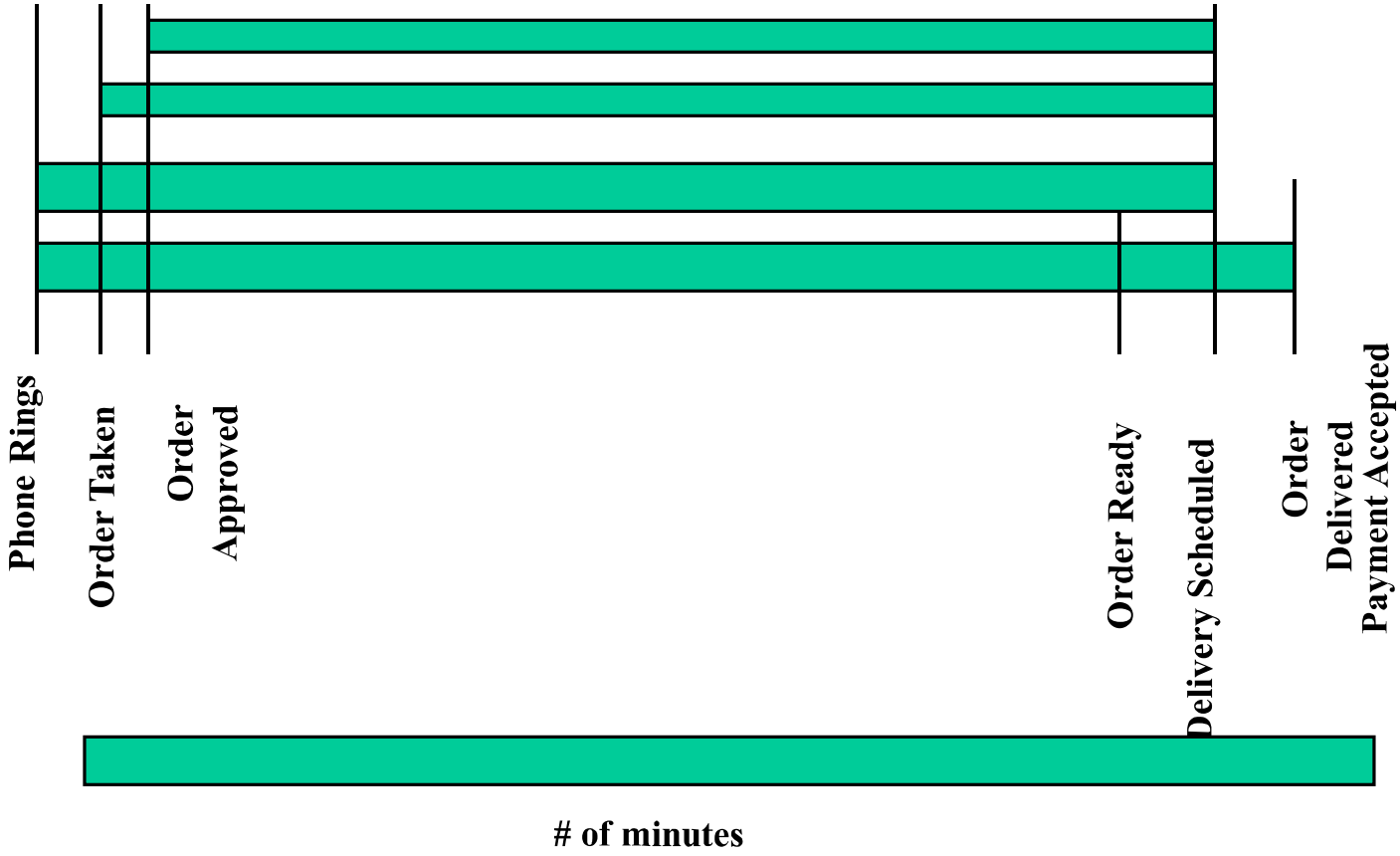
Vision: **Provide Customers with a quality product delivered in 30 minutes of less.**

STEP: Identify Project Performance Improvement Targets

KPI's	**Customer Satisfaction**
Objectives:	**Eliminate non-value-added activities** **Reduce # of exceptions** **Improve the reliability of delivery** **Increase customer satisfaction**
CSF's:	**Food Delivery within 30 minutes or less of order** **Satisfied Customers**
Constraints:	**Delivery service vehicles are unreliable** **Delivery by taxi is not within our complete control**

ess Boundaries

Where does the "Process" begin and end?
Clarify Perceptions
Comparability - before & after "apple-to-apples



nents: What else do we need to know?

IGOE*= Input, Guide, Output, Enabler

Input: **Something that is utilized consumed by or transformed by an activity (process); Connects to left side of 'box'**

Guide: **something that determines how or when an activity occurs but is not consumed; Connects to top of 'box'**

Output: **something that is produced by or results from an activity/process; Flows from right side of 'box'**

Enabler: **something (person, facility, system, tools, equipment, asset or other resources) utilized to perform the activity; Connects to bottom of 'box' Note: Enablers are NOT consumed.**

An IGOE might be a physical object, rule, goal, principle or piece of data, a machine, a computer system or anything that is relevant to the process.

*Note: These concepts are based on upon the principles and rules of IDEFO, which refers to IGEOs as Inputs, Controls, Outputs, and Mechanisms - ICOMs); ICOM=IGOE

and Outputs

Inputs Transformed into Outputs

Physical transformation

Ingredients **Prepare Food**

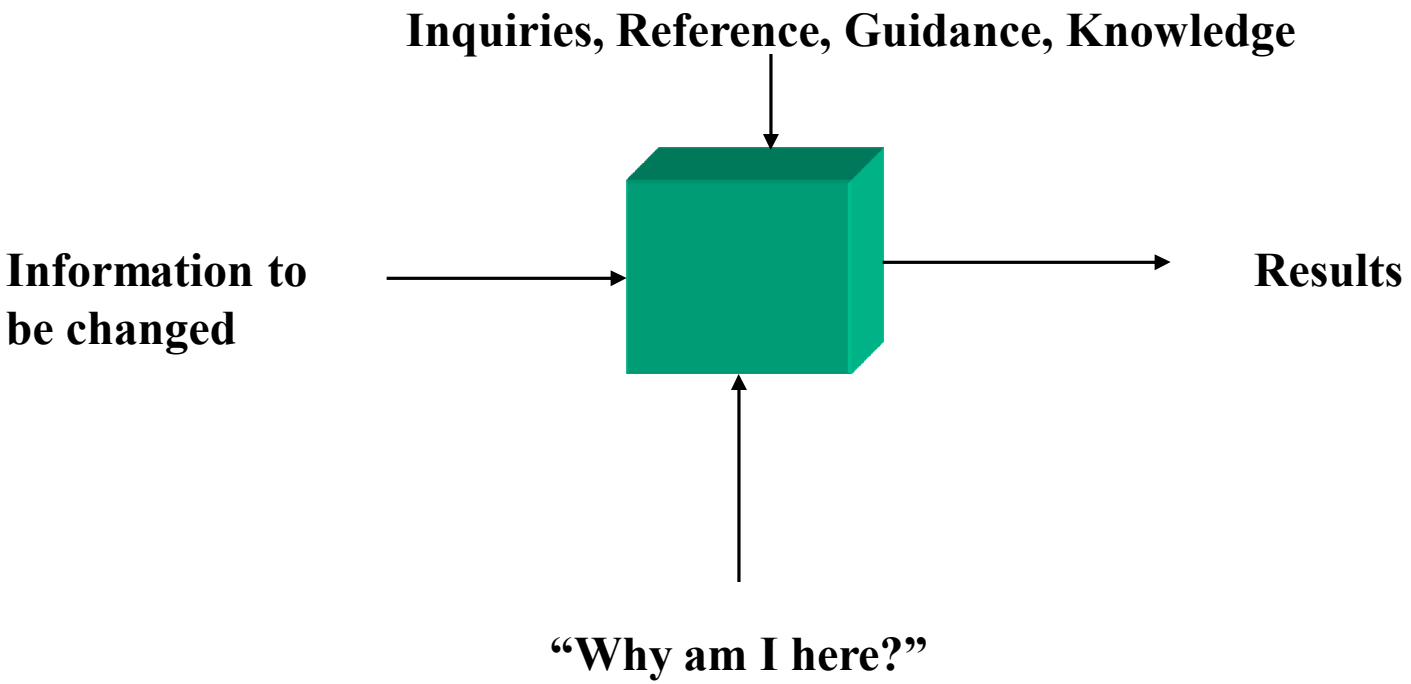
Locational transformation

Restaurant **Home**

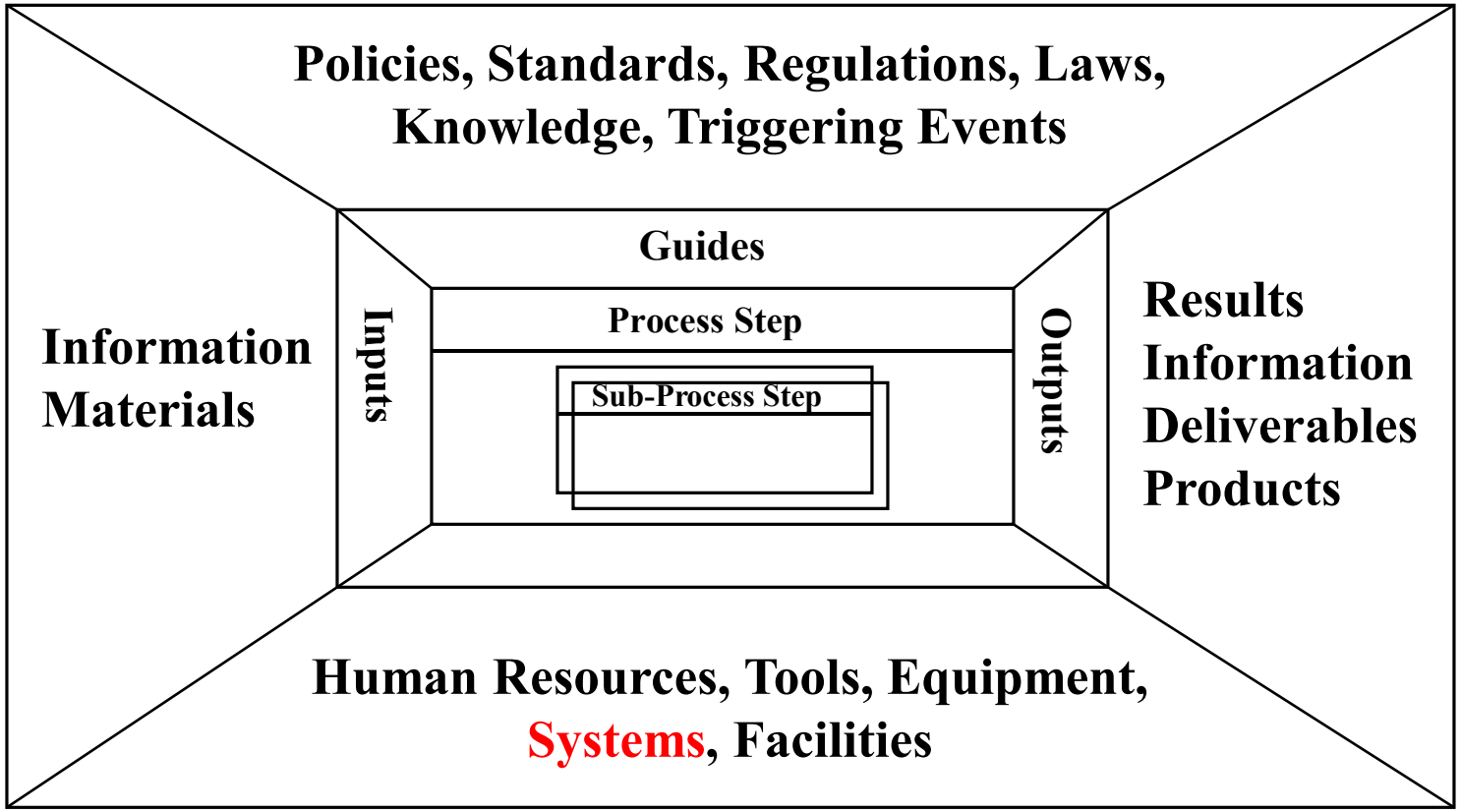
Informational transformation

Verbal Info **Order Details**

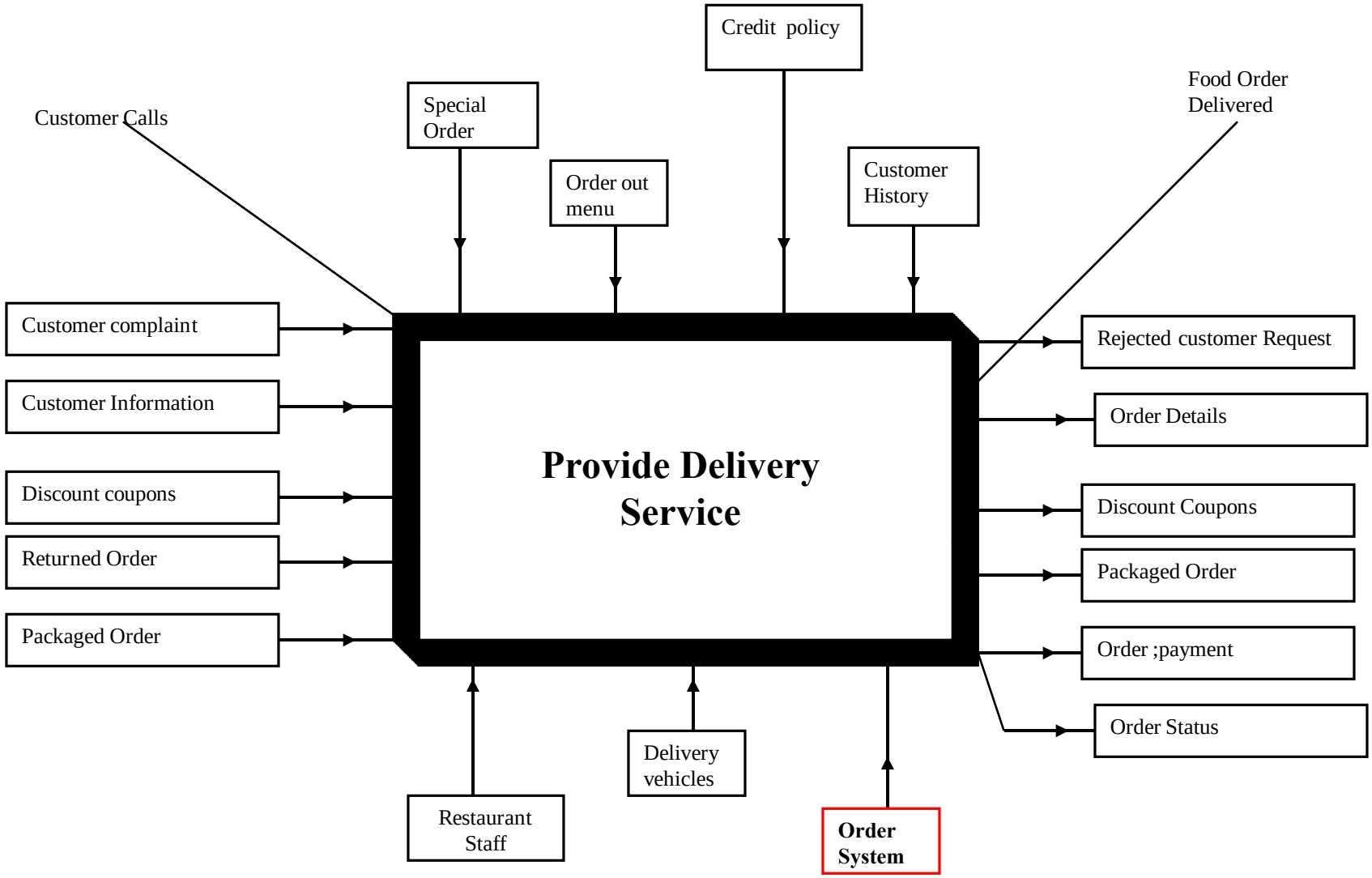
via Enablers



ents (IGOEs)



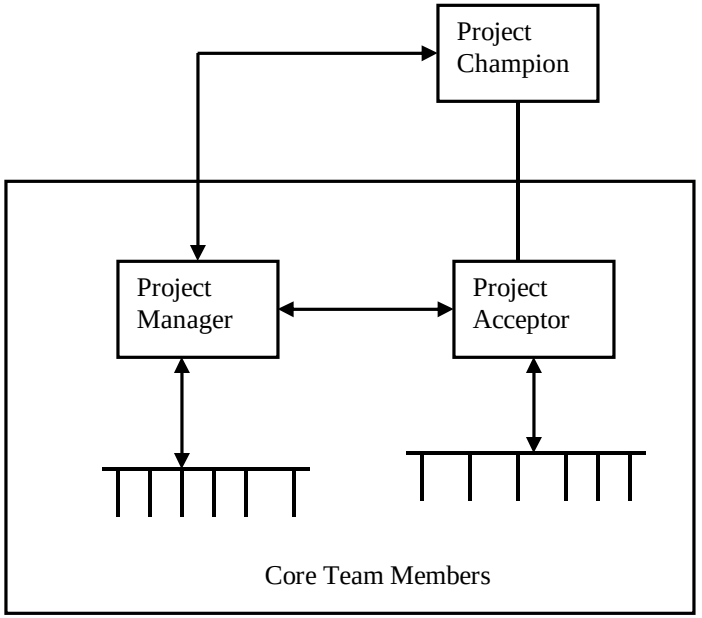
vel IGOEs



ructure

Team Responsibilities

Core Team:
Assumes an internally managed project



Project Champion
- Ensures the delivery and acceptance of the project results: may be the process owner.
- Clears the path and warns of road blocks
- Resolves political and cross organizational escalate
- Takes responsibility for the ongoing operation of the

Project Acceptor
- Coordinates the multiple vested interests of the
- Acts as project conscience
- Accepts the project results on behalf of the process champion
- Can also be the Project Champion

Project Manager
- Plans and manages the project day to day
- Motivates and manages the team
- Focal point for project issues
- Delivers the business solution to the Acceptor

Project Team Member
- Dedicated to conduct the day to day activities of the BPR process
- Understands the business requirements and delivers to the Acceptor
- Brings either BPM technique or SME knowledge or skills
- Coordinates an extended team relationship

Understanding Processes

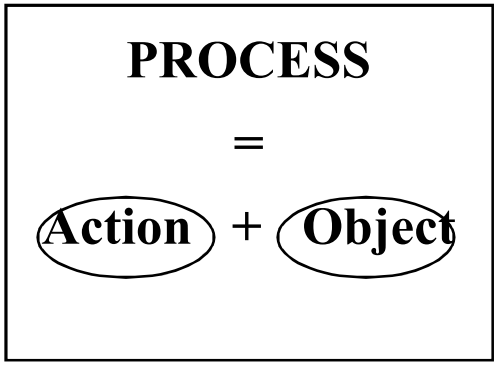
- ✓ **Gather Process Information**
- ✓ **Decompose Scoped Process into 3 - 7 Sub-Processes (Activities)**
- ✓ **Develop Modeling Standards**
- ✓ **Model the Process**
- ✓ **Determine Process Roles and Responsibilities**

How do we describe our process/activities?

A process is represented by a labeled box

The label must be an action/object phrase that describes the activity in a concise, specific manner

✓	Take Order
✓	Fill Out Forms
✓	Call Customer
✓	Determine Delivery Route
✓	Install Equipment
X	Process Documents
X	Maintenance
X	Manage Warranty



What is “Process Modeling”?

A diagram or map of a business process and the supporting documentation of related characteristics, which identifies the activities performed and the information and product flows between them.

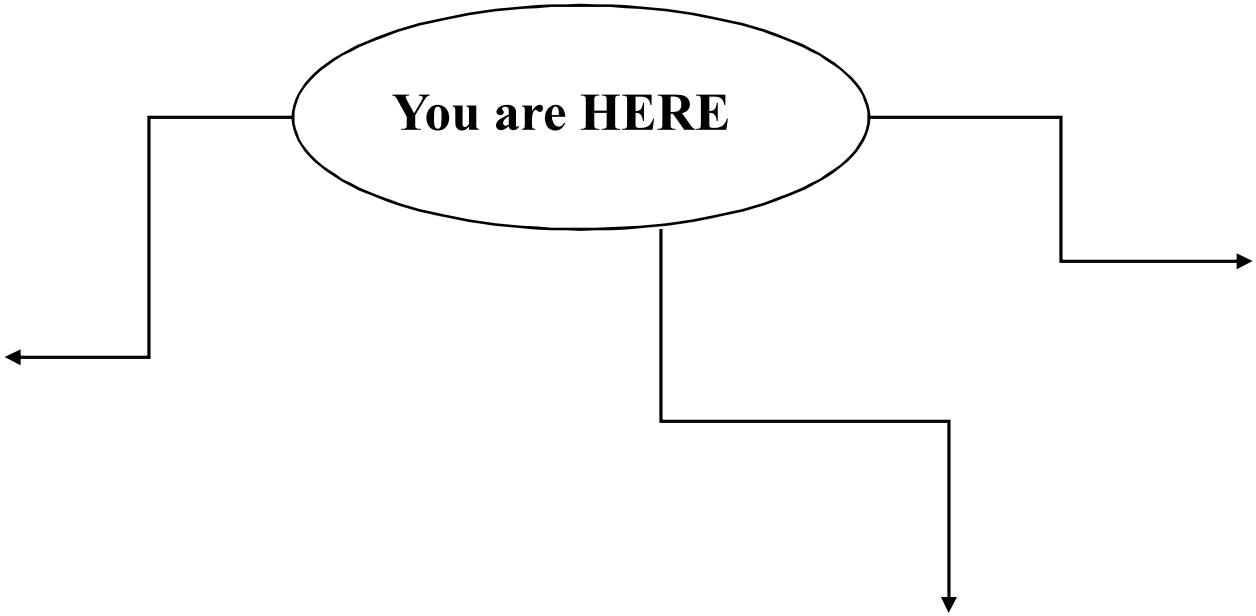
What it is !

What it is not !

Science

ess Modeling

Establishing the "DOT"



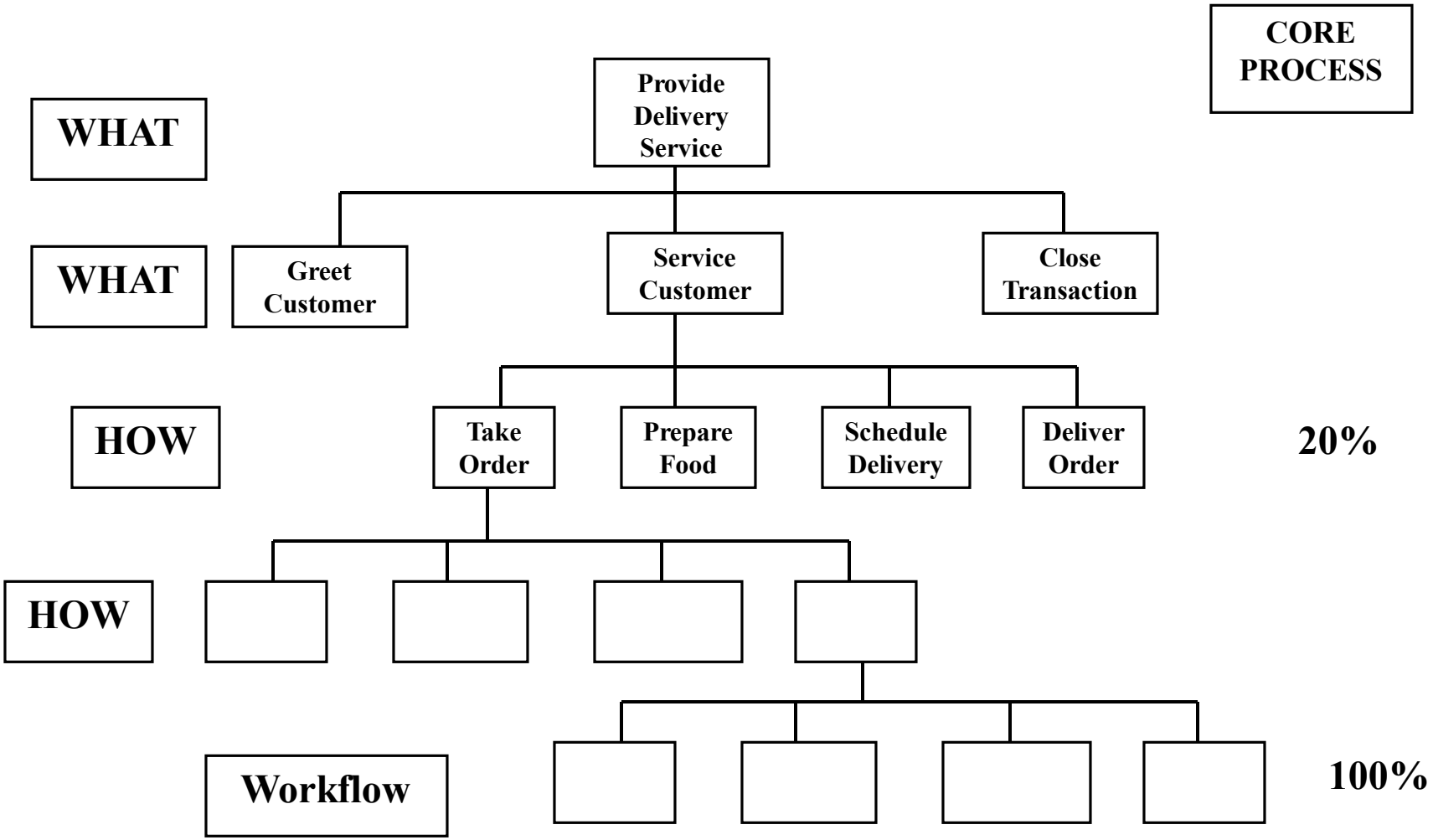
When Do I Stop Modeling Current Process?

What I know?

What I Model?

Recognize there is a difference between what I understand (know) about the process and what I model

Modeling Current Process at Various Levels



Understand Business Processes

What I Model

- Measure the business performance
- Evaluate alternative organizational structure
- Explore Technology opportunities

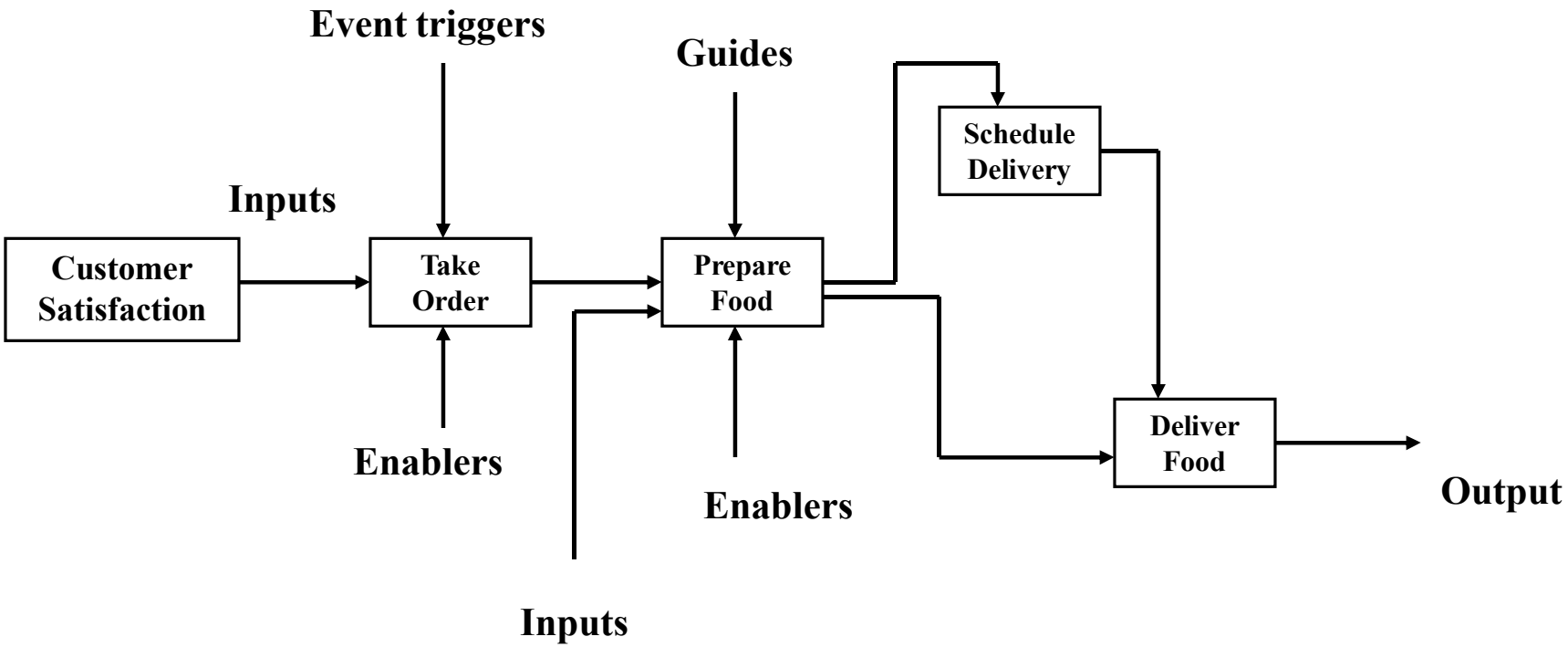
What I Model

- Remove gaps
- Manage cross-functional interfaces
- Allocate resources appropriately

What I Model

- Determine root cause
- Recommend change
- Validate understanding
- Confirm the boundaries
- Identify gaps

Communicate Understanding

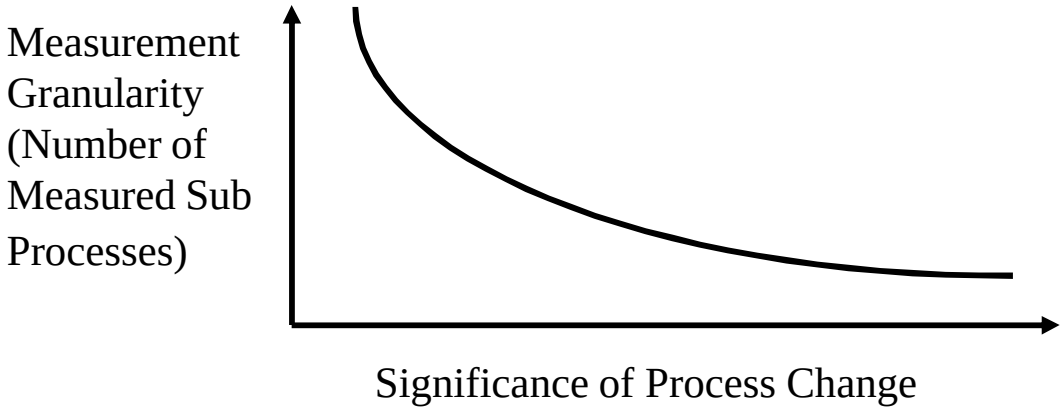


Measuring Processes

- ➔ Review Process and Project measures
- ➔ Develop/Clarify measurement criteria
- ➔ Identify appropriate measures
- ➔ Gather measurement information
- ➔ Annotate the models and characteristics

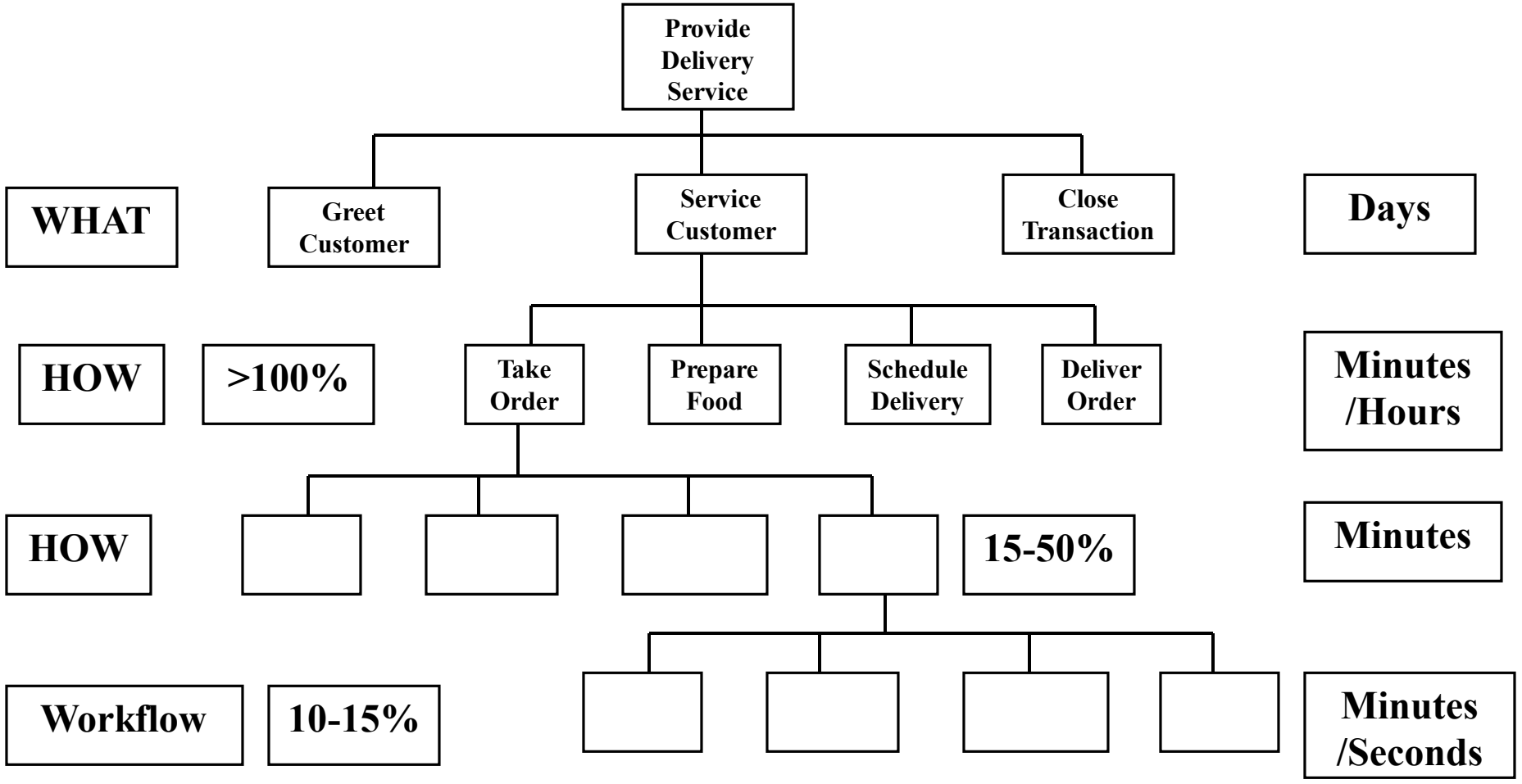
Identify Appropriate Measures

- **Process and Project goals and objectives will determine required level of Measurement**
- **Can be a mix of process model levels**



- **Should at lease measure overall process performance**
- **Details are required for incremental change, 80/20 tells where to drill**

Identify Appropriate Measurement Levels



Review KPIs and Project Objectives

Key Performance Indicator

➔ Customer Satisfaction

Project Objectives

- ✓ Eliminate non-value-added activities
- ✓ Reduce number of coupons given by 50%
- ✓ Simplify the process
- ✓ Improve cross-functional communication
- ✓ Reduce # of exceptions
- ✓ Improve the reliability of delivery-
- ✓ Improve on-time from 50% to 90%
- ✓ Increase customer satisfaction-reduce the number of complaints by 50%

easurement Criteria

➔ **Timeliness - understand your business cycles**
- ✓ **should recognized and represent variations in operations**

➔ **Validity - must be a valid measure of process performance**
- ✓ **orders filled and orders processed vs. pulls per hour**

➔ **Completeness - right level of measures for project objectives**
- ✓ **who needs information and how much do they need**

➔ **Inclusiveness - all appropriate costs not just a few**
- ✓ **should include all related costs, including such things as overhead, space, supplies, etc.**

➔ **Cost Effectiveness - measuring is not FREE**
- ✓ **value of measurement vs. the cost of obtaining**

➔ **Comparability - before and after**
- ✓ **apples - to - apples**

➔ **Balanced - include measurements from all three categories**

➔ **Perspective - various stakeholders**
- ✓ **internal**
- ✓ **external**

Aspects of Measurement

Only Measure Performance Improvement Targets

Quality and Effectiveness Measures:

- ✓ Appropriateness
- ✓ Customer Satisfaction
- ✓ Quality
- ✓ Defects
- ✓ Cost of Non Conformance
- ✓ Price
- ✓ Responsiveness
- ✓ Consistency
- ✓ Profitability
- ✓ Market Share
- ✓ Real Value-added to
- ✓ process cost

Efficiency Measures:

- ✓ Cost
- ✓ Cycle time
- ✓ Wait time
- ✓ Wastage
- ✓ Scrap
- ✓ Spoilage

Adaptability Measures:

- ✓ Product and service variability
- ✓ Job satisfaction
- ✓ Ability to handle non standard customer requirements
- ✓ Time to profit
- ✓ Time to market
- ✓ More capable work force
- ✓ More flexible staff
- ✓ Equipment Capability
- ✓ Business Disruption
- ✓ Morale

Common denominators are often Time, Cost, and Customer Satisfaction
Process measures must be directly related to business performance measures

Validating and Analyzing Processes

- ➔ Run Workshops
- ➔ Observe the Process Flow
- ➔ Decompose and Prioritize Process Flows
- ➔ Identify Evaluation Criteria for Quick Wins
- ➔ Implement Quick Wins

Process Analysis Techniques

- ➔ Process mapping interviews and facilitated workshops
- ➔ Customer Focus Groups
- ➔ Supplier Feedback
- ➔ Observing the full process
- ➔ Value-Added Analysis
- ➔ Gap Analysis
- ➔ Root Cause Analysis
- ➔ Comparisons to Documented Procedures

Capture Information/ Recognize Triggers

- GUI
- Smart Cards
- PDAs
- Self-Identifying Tags
- Image Capture
- Bar Coding
- OCR
- Speech Recognition
- Phone/Fax
- Biometrics
- Wearable Computers

Provide Information for Decision Making and Customer Service

- Multimedia Knowledge Access
- Natural Language Information Retrieval
- Data Warehouse
- Geographic IS
- Expert Systems
- Electronic Books

Pass Control/Hand-off

- EDI/edi
- IVR
- Workflow Applications
- Workgroup Applications
- Documents/Forms/Images
- Internet/Intranet/Extranet
- xDSL (Generic Digital) Subscriber Line
- Cable Modems
- IP Telephony
- Internet Chat

Build Evaluation Criteria

- Refer to project goals and objectives
- Start with process KPIs, vision, and objectives
- Convert into criteria that can be used to evaluate the ideas
- Assign a weight to each criteria

Increase Customer Service	35
Increase Profits	55
Improve Employee Morale	25
Improve On-time Delivery	45

nology / Process Matrix

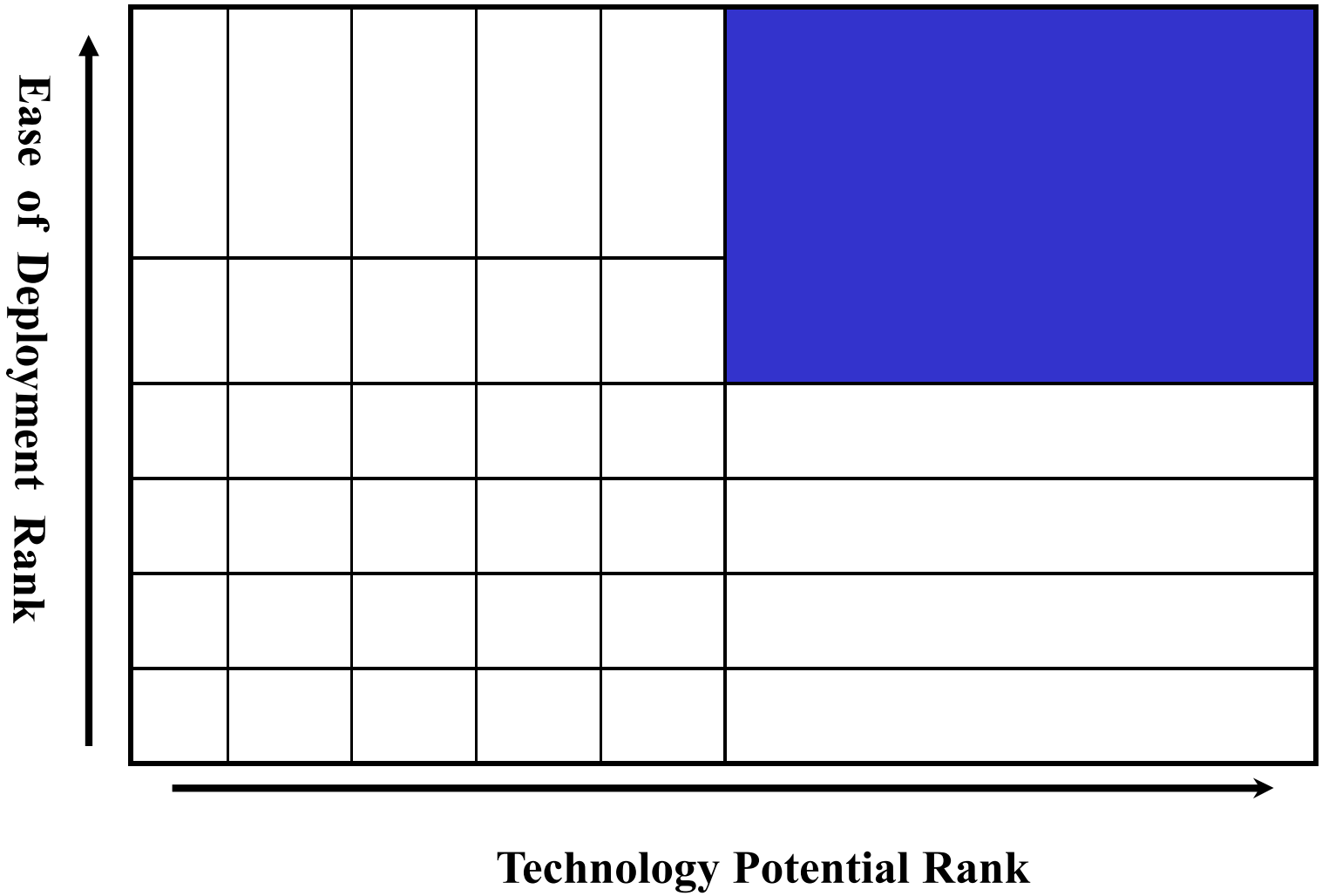
Ranked Process	**Technology**	**Technology**			
Process 1	Score				
Process 2					

Ranking					

Score: Ease of Deployment and Technology Potential

Prepare 2 matrices: one for ease of deployment and other for technology potential

ology Migration Strategy



ct Milestones

- Identify processes
- Identify enablers
- Prepare business-technology matrix
- Identify IT project tasks
- Prepare action plan
- Search/develop solutions
- Implement/deploy
- Improve continuously

Overcoming Resistance to Change