

Industry White Paper

Ultra Corporation

Improving our client's business through information technology

Business Process Improvement Planning

Business Process Improvement Planning (BPI Plan) is similar to planning improvements in manufacturing activities called “kaizen events” or “six sigma”. We want to analyze, measure, plan, implement, and score.

Lean manufacturing is about eliminating waste and improving productivity. BPI Planning is also about eliminating waste and improving productivity.

The organization forms a team that will lead the BPI planning process. The team should be led by someone from management who becomes the Chief Business Process Improvement Officer. The team is comprised of the CBPIO and the business process owners. Examples of business process owners are:

- Controller for costing and general ledger processes
- Credit manager for credit and accounts receivable processes
- Customer service manager for quoting and order processing processes
- Supply chain manager for S&OP, material planning, and scheduling processes

The business process owners start by identifying all of the business processes in the enterprise. Business processes are organized by function within the company:

Marketing	Material Planning	Plant Maintenance
Sales	Manufacturing Scheduling	Technical Service
Customer Service	Manufacturing Execution	Accounting
Engineering	Quality	Human Resources

This list of business processes becomes the roadmap for documenting the current state.

Document the Current State

I have yet to go into a new client that has their processes documented. It just does not happen. Most of the processes have evolved over time and passed from one person to another with minimal documentation.

At Ultra, we believe the development and maintenance of the “as is” documentation is a priority and should be the responsibility of the users with assistance from the Chief Business Process Improvement Officer.

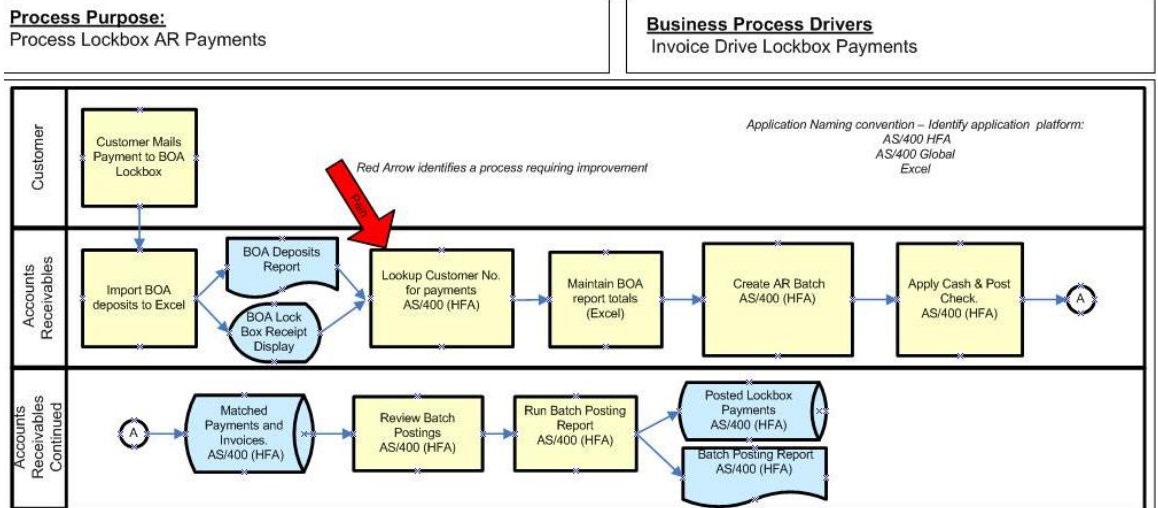
Each business process is analyzed. A process flow is developed, and the inputs, processes, and outputs are documented. The process flow be-



Ultra Corporation
415 East North Water St . Suite 2706. Chicago, IL 60611

Phone: 312-245-2777 Fax: 312-245-2888
www.ultraconsultants.com

comes and excellent tool to identify waste in a process.



Once the current state has been reviewed and documented, the business process owners need to be educated on what is possible.

Educate – Understand What’s Possible

Most users in a manufacturing company are not versed in current business process “best practices”. They know their current system only, and may recall some capabilities from a past employment. It is important to educate business process owners on “what is possible”

An education curriculum needs to be developed for the business process owners. A lot of information can be gained from ERP vendors and industry analysts. The BPI Officer and an ERP expert can craft and facilitate the education process.

Once the process owner understands the current state and understands what is possible, they can then begin to plan the future state.

Build the “To Be” Process – the Vision of the Future State.

The BPI Officer and an ERP expert facilitate workshops organized by business processes. Business process owners meet with their users to develop improved business processes flows. In visioning workshops, the business process owner reviews the waste in the current processes, discuss best practices, future system requirements, and develop a “to be” map that represents the desired future state.

The business process owner should identify short term improvements in the current system, mid term improvements that may require some IT investments, and long term improvements that represent the future state of business process that the business process owner wants to achieve.

While developing the process improvements the team should be evaluating the impact of the new



When experience talks, people listen

processes on business performance.

Build the Business Case

Once a “future state” business process has been designed, the process owner needs to ask the question “how does this new business process improve our company?” The answer to this question becomes the basis for the business case.

The team needs to discuss metric improvement as well as qualitative improvements. The team also should try to understand what other companies are doing in this function. Vendors and analysts provide information on best in class performance in different areas that can be used for comparison.

The business process owner and the team discuss, analyze and document their position on the benefits to the business that will be attained with the implementation of the new business process. Implementation costs should be documented so that a complete ROI can be documented for each business process improvement.

Prioritize Business Process Improvement Projects

At the end of the BPI planning activities, the BPI Officer will be able to develop a complete list of all BPI projects for the enterprise. With each project the list should indicate the benefits, cost and expected ROI. The BPI Officer and the process owners present their recommendations to management. Management then prioritizes the projects for implementation based ROI, importance to the business plan, and availability of resources and capital.

Summary

As we watch the economy sink deeper into a recession, we need to be asking, how can we improve our company? Improving business processes leads to improving productivity, improvement in information, and improvement in business performance. A business process improvement planning project will get your company going in the right direction.

Let an Ultra Partner show you what other companies have done... and how Ultra can improve your company's business.



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