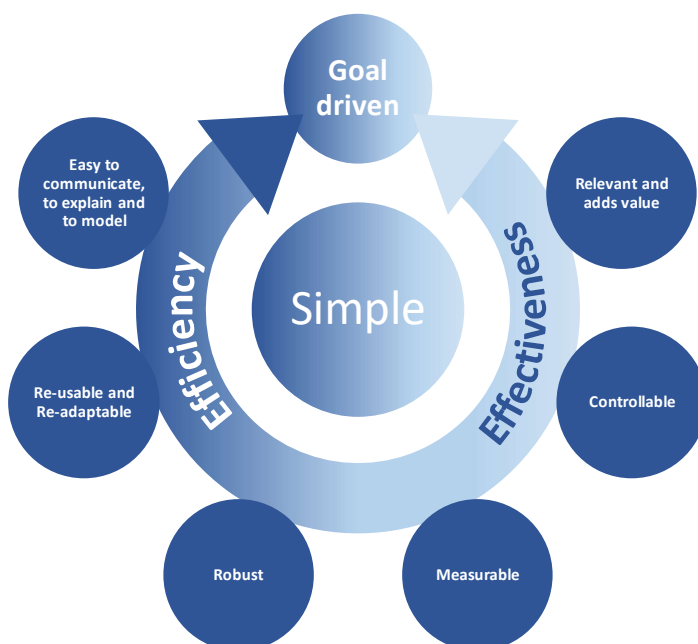stampa partners

Process Design:
Eight iron rules for a "good" process

A company may believe that the sheer fact of having processes defined makes them more efficient and effective. This misbelief can lead to the standardization of all kinds of steps and actions within the organization. However, such kind of exaggeration will have counterproductive effects. The focus must be on quality and not on quantity of processes and process definitions. Having a process defined does not automatically mean that the process is good. A critical question therefore is: What makes a "good" process? How can process quality be evaluated and improved?

Quality of processes can be summarized in two main pillars:

- **Process Effectiveness** – Are the processes helping the company to reach their goals? The question here is: „Are we doing the right things?"
- **Process Efficiency** – Are the processes designed in a way that their goals are reached with the least possible inputs (time, material, equipment, financing, human efforts etc.) or, to turn the argument around: Are the company's resources utilized in the best possible way? The question here is: „Are we doing things right?"

We have identified **8 critical characteristics** that processes should have in order to be both efficient and effective:

About the authors

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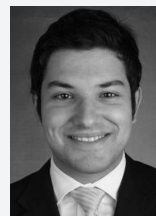
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These characteristics make up eight iron rules for successful process management:

#1 – Processes need to be goal-driven

This is far more than a characteristic - it is a clear 'must have'. A process is not a process if is not directed to reaching a specific goal. Nevertheless, some companies do call any set of standardized actions a „process", despite ending up in outputs that are not really directed to fulfil a particular goal. One example are reporting processes that prepare and distribute reports that no-one in the organization really cares about or even uses. This „process" might even consist of several standardized steps, but as it does not produce a goal-driven output, it is not a process in our understanding of this term.

Any process shall have a well-defined purpose, a value proposition that will satisfy a worthy need. The objective is the starting point for any process. First we should consider what we want to achieve and then go backwards to what is needed in order to reach that objective.

If there is not really a point on doing something, or if that objective is not worthwhile you should not have a process for it at all. If you have such a process nevertheless, this process is not effective and can therefore also not be efficient.

Don't wander around!
Drive toward a worthy goal

#2 – Simplicity is key

Simplicity is probably the most important characteristic of a process because it is a driver that leverages other critical process characteristics. A complex process makes it harder to be controlled, measured, to be communicated, modelled, to be re-used and re-adapted. This is why complexity needs to be well-dosed.

Sometimes it is hard to resist the temptation to complicate things. It may seem that simple processes are not adding as much value as long and complex interaction of actions and decisions. You may believe that simple processes can easily be copied by others and are therefore not suitable as a strategic differentiator. You may think that without your "personal touch" your company cannot succeed in the market. However, this could not be further away from the truth. Simple processes are easier to implement and follow. They reduce the risk of errors and limit waste (of time or resources). Simple processes allow for better control and measurement. In summary, simple processes are more efficient and effective.

How can you assess if a process is simple? A very abstract but efficient method is to try to explain a process to someone not directly involved the process: If the process, its purpose, the required inputs and the resulting outcome is easily understood, this indicates an adequate level of complexity. Another method is to look for evident signs of complexity and to question them. Such critical signs are:

*   multiple decision points
*   actions over critical steps are not standardized
*   multiple different roles are required for a single step
*   unclear or shared responsibility for executing and for supervising process activities
*   existance of multiple exceptions.

If you cannot easily explain your process, it is not simple enough

#3 – A good process can easily be communicated, explained and designed

Everyone involved in a process needs to understand the processes overall purpose, the role he plays in it and the dependencies one's tasks have to other participants in the process. This understanding depends on your ability to communicate and explain the process to its stakeholders.

This is also true for the input providers and output receivers. If those actors do not understand the process, you will often be stuck with less than adequate inputs, or you are requested to produce unattainable outputs.

The best test to understand if your process can be easily communicated is to draw it. If the result of your process design is simple, meaningful and easy to follow you're on the right track. Otherwise you probably need some adjustments to your process in order to make it more effective and efficient.

#4 – A process needs to be robust

This is a critical characteristic where we often encounter errors in process definition and design. Your processes should resist the test of time. Variations on inputs or improvements in technology shall not make your processes obsolete. They may require the addition of new steps or removal of outdated ones, but won't fundamentally change the way things are done. Processes shall also be independent from who's handling them. They shall depend on roles, responsibilities or assignment of tasks but not on one individual actor.

Robustness must not be mixed up with inflexibility. A robust process does not mean that a process stays unchanged over time and is not open to innovation. Actually the opposite is the case: A robust process can flexibly accommodate change without giving up its main components. But how can the robustness of processes be evaluated? It is important to test an organization's processes for their agility, i.e. for their ability to be flexibly adapted in case of changes. Variations of inputs, changes in technology or responsible persons should be evaluated for the degree of resulting requirements to also adapt the processes. Same is true for a change in goals. As good processes are goal-driven, a change in such goals might also require a change of the underlying processes. The easier it is to adapt a process to such changes, the more robust your process design is.

Robust ≠ inflexible!

#5 – Design re-usable and re-adaptable processes

A company should be able to adapt and use its processes in different circumstances. In a fast-changing world, it is likely that your core products or services regularly become outdated and have to be replaced by alternatives where you also have the knowledge, skills and capacity to produce or deliver. The survival of your company may well depend on your ability to adapt.

If your processes are simple and robust you can easily reuse a process in a new business scenario. The original process can act as a template that is copied and adapted into other business areas. Such re-usable processes, ideally supported by respective IT-systems, are the basis for an organization that can flexibly react to changed market situations.

Agile processes can be adapted to the dynamics of a company's environment

#6 – Make sure your processes are measurable

A prerequisite for a continuous improvement of your organization is to have a qualitative and quantitative overview of your processes. Most companies have a good overview of the outputs and even of the mix of inputs and resources required, but often they disregard the business processes that make up their value chain.

Once you have this overview, you ought to be able to measure not only the outputs of your process but also the performance of critical steps. Whatever are the key indicators you want to evaluate, it should be possible to measure them. Many companies are not able to or simply do not measure their processes. This limits the possibility of identifying improvement opportunities.

Try to define sensible indicators (aligned with your company's overall goals) for each step of the process and define how you would measure them.

#7 – A good process needs to be controllable

Measurement without possibility of taking action is useless. It may be nice for curiosity, but if you do not have the ability to control the process and influence the results of the measurement there is no point on defining it.

A good process is one that you can control, one on which specific actions can influence the results.

Take the indicators defined previously and imagine a set of actions that would influence their results. Are you able to enforce those actions? What would it take to do so?

#8 – Relevance and added value

What is the point of having a process defined for something that does not add any value to your company? It may seem common sense, but it is actually not unusual to see well-crafted processes not adding much value to the company. There is a tendency for staff to try to impress management which often leads to people focusing on organizing, designing, explaining and handling the tasks that add less value. If the activity is directly linked to the company's goals, management does not require too much detail. When the point of the activity is not as clear, staff tend to be more careful on handling and presenting it. You must combat this „form over substance" concept and keep your focus on the activities that really add value. This is where the gains on efficiency are more relevant.

Ask yourself: „What would happen if the process would stop to exist?". A more detailed test is to ask yourself what the output of the process is used for and in which ways it may affect your business. How important is the output for your decision making? What was the last action you took derived from the process and can you estimate the impact in terms of cost or waste reduction and revenue increase?

Improvement depends on the ability of measuring and managing existing processes

What would happen if the process was not there anymore?

Questioning your processes against these eight iron rules is a basis for process optimization. If any or many of these rules are breached, re-frame the way you look at the processes. Let go the ones that are not relevant or do not add value and seek to redesign and improve the important ones.