

Video Transcript

Business Process Improvement Tutorial for Beginners by Invensis Learning

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Business process improvement is one of the important elements for the present growing businesses. Research has suggested that every professional student, educator, and practitioner must be aware of this. According to Kissflow over 33 percent of business process improvement initiatives fail with 5 seeing little to no success, 28 seen departmental success only and 19 experiencing significant difficulties but some eventual success, thus knowing business process improvement terminologies are very essential.

In this tutorial I will explain to you all the tales regarding business process improvement. Hello everyone this is George from Invensis learning. Welcome to our YouTube channel today we shall talk about business process improvement.

Now let us look into the agenda let us start the discussion by knowing what is business process improvement then we shall see why we have to improve the business processes, soon after that we shall see why do business process improvement fail. After understanding this let us focus on the steps to be taken to improve the business processes. Moving on we shall focus on the common business process improvement solutions and then continue to learn the key skills required for any business process improvement manager job. Then we shall discuss some of the business process improvement methodologies and continue to learn some of the BPI tools. Later we shall focus on the best practices for business processes. Further we shall see a case study on business process improvement and end the session by knowing some of the business process improvement jobs.

So, what is business process improvement? Business process improvement is a method that identifies, analyzes, and improves the present existing business processes that lead to optimizing the performance enhancing company standards, improving system quality, etc. The mentioned definition best defines the term business process improvement but to make you understand even better consider a small business say home bakers, so what does home bakers do? They just bake the essentials and sell them to the clients, but these bakers couldn't earn enough profits doing that, then one of the home bakers thought about this and created some ideas like she started to promote her products through social media. She started adding additional flavors, she gave combo offers, tried new ways of attracting people, and soon after implementing these new ideas she saw an increase in revenue. These methods or practices that are used for improving the businesses are termed as business process improvement. To explain in simple terms, business improvement will help in reducing the cost, improve the income, improving the quality, reducing the processing time, and improving accuracy and efficiency.

Knowing about business processes improvement lets us now see the main reasons for improving the business. Why improve the business process? When a company wants to stand

out from others it should implement business process improvement and automation as it directly helps in the growth of the business.

Now let us look into the five benefits of business process improvement.

Benefit 1: Productivity. By continuously taking steps to improve the business processes it can lead to removing the business's inefficiencies and ultimately improve productivity.

Benefit 2: Reduced Cost. When processes are advanced they take less time to execute. It also reduces the processing time. Due to this, the business process gets efficient and will reduce running the process itself.

Benefit 3: Quality. Quality because of the implementation of new technologies and other criteria during the business process the advancement of tools and technology occurs. Due to this more quality of the product can be obtained.

Benefit 4: Attracts Customers. Businesses can reach out to customers with less time and more quality. It attracts customers. Now they become loyal customers who often try to purchase from our company.

Benefit 5: Reduced Risk. One of the key elements of a successful business is automation. As many businesses use automation often errors and other problems are reduced and directly increases the efficiency of the business. This means that the risk of fraud is reduced to some extent.

Now you know why business process improvements benefit companies, let's dive into learning why business process improvements sometimes fail. Why do 30 percent of business process improvement initiatives fail? Every organization follows various steps to implement process improvement. They start by taking a detailed look at the company's processes and identifying which business processes need improvement then they get involved in figuring out how to reduce friction with existing processes and learning how to do things better in spite of taking a huge set of time and resources for all these processes. Sometimes measurable achievements won't be seen, for example, project teams meet less often or disband altogether within months even the plans that were completed become too difficult to sustain and unfortunately work process improvement ideas fail more often than people would like to admit.

Some specific reasons business process improvements fail include the following.

1. **Lack of responsibility.** Over time, the team head would take the responsibility for implementing the planned action. The team head would assist the other employees with some particular tasks. In the initial phase everything may go well but as time progresses the employees start working inefficiently. If the team head does not manage this then the company's performance and efficiency gradually decrease. So, before committing to an improvement plan first ensure your team is committed to

improvement then provide them with the context to see how each individual process relates to one another.

2. Complicated. Most of the time many businesses include some complicated elements in the organization. We often mistake by overly elaborating the solutions for an improvement plan in the rush to make drastic changes or correct a failing system without a solid understanding of how to proceed. Doubt and suspicion often take over. People are less inclined to act and nothing gets accomplished.
3. Inability to modify the plan. In some companies few of the process owners adhere to the plan's roadmap. They will not re-evaluate if the objectives continue to align clearly with corporate goals. As leaders we should constantly scrutinize our performance metrics and adapt accordingly. So, at every stage of your initiative ensure to have routine project reviews. By doing all these you will become better equipped to recognize inefficiencies in the organization's plan. Remember to operate with a certain degree of humility, admit to mistakes or miscalculations and strive to overcome unforeseen challenges to ensure success for the plan and your team.

After learning about why business process improvement fails let us now see some of the steps required to implement the business process improvement. One can find many ways to implement BPI, they look different but all of them do the same thing; taking an existing business and improving it.

Now I shall explain the steps that must be taken to implement business process improvement (BPI) which is in accordance with my perspective. I will explain each one in detail.

Step 1: Identify the problems. This is the initial step where the issue is identified. Like a business is composed of many departments, processes, and many more. If one cannot reach their estimated destination it means they lack some kind of quality. So, in this particular step, professionals will identify those areas. Once this is found the further process becomes much easier.

Step 2: Map your current business. Once you identify the problematic area you must make sure that it is correct. To do this, mapping is done. So, what is mapping? Mapping is a method of understanding how your business works and finding anything that might seem weak or inefficient. In simpler words, you are creating a flowchart of the whole process that can occur in the business you are involved in. So why map? As already told mapping is done to analyze the business which gives a clear picture of whether the chosen problem area in the first step is right or not.

Step 3: Analyze. The third step in the process of business process improvement is to analyze. Once you map all the processes you need to analyze the map content. While analyzing it is important to note that each stage has to be analyzed without missing any of them. One can analyze by thinking many questions like, which are the stages that got delayed, why did that particular stage take a lot of time to proceed, did any step miss out during the process, did any

step use a lot more time and cost than required, and many more. By analyzing all the questions, you can come to the conclusion about which particular area is affected and to what extent.

Step 4: Redesign the process. Once the analysis stage is completed you have to redesign the old process method. So, what does it mean? The redesign is a method of creating a new model for the business process from the present models so that effective changes can happen in the company in a good way. This becomes the main step in the BPR process. If proper designing is not done then there is no use in carrying out the other steps. How do we design a business process? You can start with picking up the right task. Sit with that particular department and figure out certain solutions. Think of that solution, can it be implemented for the time being or in the long run? Check for the functionality and perform some risk analysis management, etc.

Step 5: Implementation. Soon after redesigning the processes one has to implement. This step is a very crucial part of the system this is because if something goes wrong you might end up losing more than whatever the inefficient process was costing you. For implementation you first need to focus on the resources and time that are available to you, only then implementation is possible. For implementing, start from small bits, check if it is acceptable and adaptable for the business, if yes, continue for every bit, if not, try changing the method of implementation itself.

Step 6: Review the implementation. The process doesn't end after implementation, you are also required to recheck the implemented things. To do this monitor every step of the implementation method, check if everything is going as decided, if not, make the necessary changes by returning back to the previous step.

Now that you know the steps required to implement the business process improvement we shall look into some of the common solutions. Business process improvement is a magic pill for many business companies today. It identifies inefficiencies in operations and nurses them back to health. There are several methods for implementing this. Along with this, it has several solutions that make the businesses improve in an effective way. Let us now encounter these solutions.

More Automation. Business process improvement is one of the forward thinking enterprises. These businesses use business process improvement solutions that create easy data collection. These data collection forms automatically feed information into a centralized database without requiring manual entry. In the above case the business process improvement solution acts as a medium for different teams across the company. Thus, automation makes the work easy in less time and with more efficiency and reduced errors. Data collection done manually may include some errors but the ones done through automation never include an error this is just an example of how a business process improvement solution can reduce human errors using automation.

As well knowing common solutions for business process improvement we shall look into the main skills required for process improvement.

Soft Skills : To tackle the aspects of business processes you'll need a wide array of skills in different areas. Having these skills will help you a lot while implementing the processes. Now let us look into soft skills. The business processes improved professionals must have a good blend of communication skills along with technical competence. While most technical candidates have functional skill sets, technical skills combined with rich communication skills will give business process individuals a competitive edge.

Creative, critical, and analytical thinking: Critical thinking and analytical solving gives the nature of the industry. One is constantly on the lookout for empowered employees that can provide critical thinking and a resolution to various client queries. A value-driven approach and an attitude of empathy show importance for business process professionals.

Collaboration: Effective process improvement, actually means finding innovative approaches to the existing issues collaborating to come up with these improvements is one such key skill required for any business professional because it gives a broader base of knowledge to draw from as well as a range of perspectives that can let one see the problem in a different way. Collaboration also helps in identifying the problems in an organization. There may be issues at lower levels of the hierarchy and those at the executive level are completely unaware of. By coming together and sharing ideas one can create the best team that focuses on needs and goals, as well as find process improvements that benefit the entire company.

Adaptability. Even with extensive planning and preparation you may not be able to reach the extent you had expected. Lack of adaptability is one of the main reasons businesses fail. In many cases it's a failure to respond to external factors like the shift in the market. Overly rigid process planning can be a problem too, especially if it makes you unresponsive to employee issues. Some people are naturally more flexible than others, it is a skill that can be developed. The more adaptable you are as a business owner the better you'll be able to lead your company toward continuous growth.

Let's take a look now at various business process improvement methodologies. Business process improvement is one of the top priorities for present organizations. The market wants to know what the basic steps of BPI usually offer. The scope of what BPI is and what it can do for your organization is changing. There is still a lot of hype so everyone needs to know who is doing what and how well it works. Every organization needs a BPI strategy and a comprehensive deployment plan.

Now let us see the common methodologies used in a BPI.

Six Sigma. Six Sigma is one of the smart business process management methodologies. This method was first introduced in Motorola to reduce defects and cycle time. It mainly involves detecting in removing errors and defects from any business processes by concentrating on outputs. This directly affects customer satisfaction. Sigma tools include two approaches namely DMAIC (define, measure, analyze, improve, and control) and DMADV approaches.

DMAIC uses cause and effect analysis to display the causes of defects visually. So how is it performed? Let us take an example of mobile phone manufacturing and understand each of these phases in detail. Consider a mobile manufacturing company that used to produce 1000 mobiles per day, as the day proceeded the number of customers reduced and manufacturing increased. This means the demand is less and supply is more so they require a method or an approach to reach a considerable number of customers and they make use of the domain approach. They start by defining the issues. They initially note down all the problems that are causing lower user experience and user interference. Next, they measure the process performance. They make use of many analytical methods to check their performances against time and cost. They also can make use of pareto charts to analyze the frequency of problems or causes. Next, they analyze to determine the causes of variation and reasons for poor performance, such as analyzing the defects. Later, they must improve the performance by addressing and eliminating the root causes found in the previous phase, in our example they can improve by adding new features to the mobile phone or implementing new technologies that attract customers. So, soon after improving they must control the improved process and future process performance. Controlling is done to improve the process of the new course, in our case control is done by implementing those new methods so after implementing all these phases manufacturing also increased and demand also increased effectively.

The next six sigma approach is DMADV. If you have existing processes and do not meet the required quality standards even after improvement you should conduct a DMADV. It refers to define, measure, analyze, design, and verify. This approach is different from that of DMAIC. The application of DMADV is used to improve, adjust, or create an entirely new product or service. This approach mainly aims to produce a high quality product keeping in mind customer requirements at every stage of the game.

The next BPI methodology is Lean. Toyota developed lean for shortening the order to cash cycle. Lean thinking is one of the business improvement methodologies that often aims to reduce waste from processes. The main aim of lean is to maximize customer value while minimizing waste for an organization's products and services. What are the issues that Lean can help with? Some of the issues that lean methodology seeks to address may include transport inefficiencies, wastages in the process, and defects occurring during the production process, unbalanced manufacturing, etc. In its most basic form lean manufacturing seeks to maximize all processes that can add value and get rid of every step that doesn't. Steps for a lean process improvement would include define the value for the customer, map the process, identifying the steps that have not created any value, remove the unnecessary steps that don't add value, repeat the process until the business is improved.

Next, we have Kanban. Kanban is a tool for process workflow visualization that puts business units, leadership, and employees on the same page for process improvement. This methodology incorporates and encourages lean process improvement. At the beginning of the 21st century software industries quickly realized the use of Kanban to change how products and

services were delivered. One can build the Kanban system just by creating a Kanban board. This board is made up of three basic columns: to do, in progress, and done. This table serves as a real-time information repository that highlights the bottlenecks within the system and anything else that might interrupt smooth working practices.

Further, we have Total Quality management (TQM) which is a methodology that originated in the 1950s but only became popular in the early 1980s. As we saw with the lean methodology, its main priority is delivering value to the end customer, in a similar fashion TQM focuses on the organization as a whole rather than individual processes. The main focus here is that every department within the company should be optimized with customer values in its mind. Total Quality Management is a business improvement methodology that is best suited for a constantly changing environment. TQM is a system of practices, training techniques, and tools that helps in adapting to customer demands. Many companies consciously are trying to address the changes using TQM. Having mechanisms in place for quickly and efficiently responding to these customers' needs.

The next methodology is Kaizen. Kaizen is a Japanese term that means continuous improvement. This method mainly focuses on making not so huge but small continuous improvements in order to have a large scale impact. Employees are cherished and are highly encouraged to share their feedback and suggestions with management. Usually Kaizen is a technique that is used for the constant improvement of every function of the business like the management, construction, or development of departments. Kaizen is mainly used to improve the processes, quality of products and services by developing a method to create customer satisfaction. It improves team productivity as well as job satisfaction by promoting better safety. It also implements a method of building faster delivery.

Another method is 5s. 5s is an organized method to implement business process improvement. This acts as an organized office environment that is essential for efficient processes. With this methodology you can create a clean, safe and productive environment for any team. The 5s system of visual management has improved organization and efficiency in many workplaces including manufacturing environments and offices. What does 5s stand for? The 5 s's are described as sort, set in order, shine, standardize, and sustain. Generally, the steps of 5s involve starting from going through items in a workspace removing the unnecessary things then organizing the items in a structured way.

The next method is PDCA which mainly involves a continuous improvement process through PDCA quality cycles. What are the various PDCA stages? The stages of the PDCA cycle encourage accurate planning and measuring and effective methods through feedback. Here are the steps of the PDCA cycle. The first one is plan (Plan). In this stage the business improvement professional identifies an opportunity for change and is actively planning on ways to implement. The next step is to apply (Do) the proposed change to the process but it is preferred to start on a small scale. Next, a check (Check) at this point is required to analyze the obtained results and determine whether it made a difference. The implementing act (Act), the

last stage of the cycle, is to implement all that you had decided. If you feel that the plan didn't drive the desired results then it's necessary to begin the cycle again. However, if your experiment was a success then it's time to drive changes on a large scale.

The next methodology is process mapping which is another workflow visualization method that can help different companies map out process improvement plans. Process mapping has several names like process flowchart, process chart, functional flowchart, or process model. Ultimately, it's the method to create a flow diagram that helps in delivering vital information about a process workflow from beginning to end. Here are some simple steps to create a process map.

1. Creating process flow charts that include activities in sequential order.
2. Identifying the functional areas related to the process.
3. Validating the initial and ending points of the process.
4. Defining activities for each process.
5. Mapping appropriate activities to every function.

Now that you know various business process improvement methodologies we shall look into some of their tools. To improve the business processes, managers use many tools.

- SIPOC diagram is a six sigma tool that is used for documenting business processes it visually documents a business process from beginning to end because the diagram doesn't contain much detail about the process it is often called a high-level process map. The SIPOC diagram is one of the top-down analysis methods that help to pinpoint how value is delivered to the end customer. The methodology analyzes five main aspects of the process that are suppliers who are responsible for supplying the process, what kind of inputs are required, what are the steps included in the process, what are the process outputs. Customers who all can receive the outputs. To create this diagram just draw five columns for each of the aspects then list out the respective information.
- Cause and Effect Analysis is a problem-solving tool that helps one find the root of any problem. It is also known as the fishbone diagram. Here one will place the problems into a rectangle and then draw horizontal lines. Mention the problems on the horizontal line pinpoint, the things that might have a major impact on the process, then for each factor identify the possible causes for the problem until you've exhausted all the ideas.
- The Process Flowchart is nothing but a process visualization through a flowchart. One can create a simple process flowchart just by using a pen and paper or also using digital platforms. One should just include the basic shapes and represent the different staging of the process. The common shapes used include an oval to mention the start and end of the process, a rectangle mentions the different stages occurring in the process, an arrow connects the different stages of the project, and a diamond is used whenever a decision or approval is made.

- Pareto chart is an analysis tool which is extremely helpful while making decisions based on priorities. It is based on the principle that 80 percent of problems can be solved by eliminating 20 percent of the causes. This means that with a few corrective actions a large number of deficiencies can be resolved easily. This chart is similar to that of a bar chart that is commonly used to identify the key factor or factors in a problem to determine the main cause of a problem, to build a method to improve the elements, and to ascertain whether the desired effect has been achieved or not.

Now that you have understood different business process improvement methodologies and tools let us see some of the best practices of business process improvement.

Business process improvement best practices are a way of understanding, fine tuning, and improving the existing business processes. Now we will approach various business process improvement practices to ensure that your company gets the promised results.

After identifying, mapping, analyzing, redesigning, and implementing it is better to take some time before optimizing and automating because it is better to take six months and implement changes that will stick then to change everything in a month and see it back to the way it was then repeat it. Hence, go slow because quality matters than quantity.

Choose the right BPI tool. There are many BPI tools and ways of implementing available in the market and it is crucial to choose the ones that best fit your needs. Choose the tool that suits your project and be aware of new tools so that you can work in an easier and smarter way. Use optimum resources. The company must be smart enough to use the resources effectively. Take care of implementing new technologies and use them in an effective way. Make use of effective human resources to implement the work and measure well. One must analyze and measure the actual work and not what you want the work to be so divide the work based on priority and start dealing with the important work first. Try to measure everything in the business from the numbers, to the employee's performance. It is a fundamental requirement to implement improvements efficiently.

I will be showing an example of a business improvement process case study. Consider an example of a medical shop/store. We know it has very essential elements that many customers need, but for some reason the shop couldn't sell much of the medicines. They found that only a few customers are reaching them. Also, medicines are getting expired on sitting on the shelf and they have no idea what to do. They decided to meet the business process improvement manager and wanted to discuss their issues. Next, they meet the business process improvement manager who then analyzed the issue. So, what was the problem? The medical shop started earning fewer profits, they saw a huge loss in their company, the improvement manager, Bob, understood the medical shop owner's problem and he analyzed the issues then identified some problems. Bob said that the medical shop is not in the city center and people found it difficult to reach the shop.

Next Bob told the shop owner that the medical shop is not having good popular brands and so people are refusing to visit the shop, then Bob said that the shop is not organized in a structured way, like the placement of different products was found to be irregular. Next Bob told the shop owner that there are no hospitals nearby and so the number of people required to buy medicine is reduced. What is the solution? Bob suggested a few of the solutions that can make the medical shop owner earn profits.

Firstly, Bob suggested shifting the shop to such a place where people can find it easy to reach the medical shop. Later he also suggested that the shop move to a place where many hospitals are present. Next, he told the owner to add some good products of popular brands which people are aware of. Then Bob suggested adding some new attractive products that are of high demand. Finally, he suggested that the medical owner arrange all the products in a structured way so that it attracts the customers and makes it easy for them to identify the products. After implementing the solutions given by Bob the medical shop improved gradually and started earning profits. This is one such example of business process improvement.

Now that you have understood all about business process improvement let us look into the jobs in the business process improvement stream. One can see various jobs listed under the business process improvement manager. According to data regarding pay scale, the average salary for a process improvement manager is about \$82,084 USD per year. Continuous improvement managers report an average salary of \$85,881 USD per year. Similarly, process improvement directors report an average salary of \$113,417 USD per year. Other similar and popular job titles and their respective average annual salaries for process improvement roles are mentioned below. The data is obtained from the www.payscale.com website.

- Process analyst \$63,492 USD per year.
- Business process analyst \$65,646 USD per year.
- Performance improvement specialist \$69,841 USD per year.
- Process improvement engineer \$71,635 USD per year.
- Process engineer \$73,823 USD per year.
- Business technology analyst \$73,937 USD per year.

Regarding job demand, CNN Money reported a 12 percent growth in the process improvement field is expected up to the year 2025. The need for process improvement professionals exists across all industries. They are also hired to work with nonprofits and government agencies that often face budget constraints and need efficiency. Hence, if you are interested in getting into the business process improvement stream then you are on the right path. I hope this tutorial gives you all the information you need.