

# Process Approach

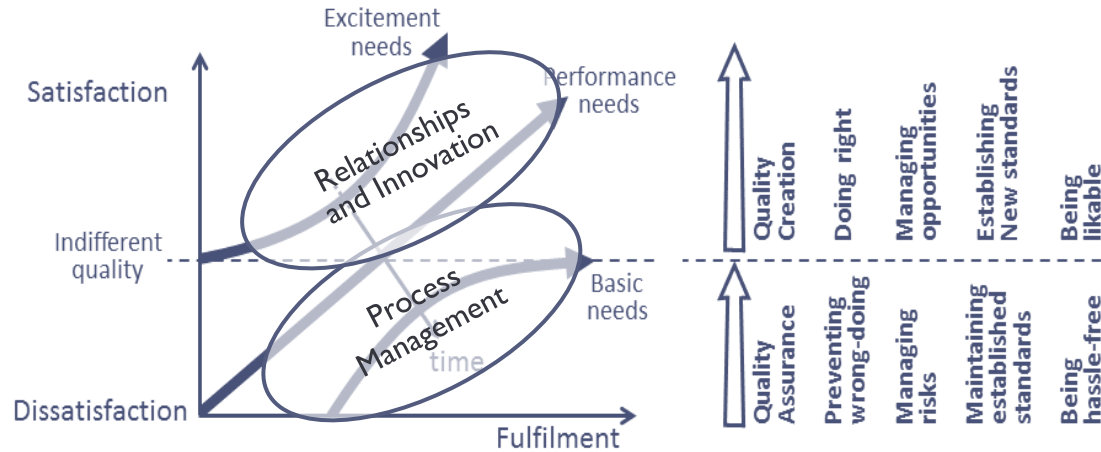
An introduction

# The basics

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- ▶ Company exists to fulfil needs that are of value to customers, for which it can receive an economic compensation in return and secure its sustainability - to repeat the cycle of providing value to customers.
- ▶ Customer expectations are forever and gradually increasing. Yesterday's benchmark will generally lag behind today's needs. It is important to keep up with needs, by maintaining a cycle of improvement.

# Customer needs



- ▶ Basic needs are taken for granted (not asked for). They are the threshold needs. **Omission will result in rejection.**
- ▶ Performance needs are what customers will ask for and against which they intent to measure their buying decision.
- ▶ Excitement needs are unexpected and create an emotional engagement or spontaneous desire.
- ▶ Focussing solely on removing dissatisfaction will never result in satisfaction.
- ▶ Process management in itself will never excite customers, but it is the critically essential foundation for everything else.

# Plan-Do-Check-Act cycle

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## Plan:

Establish objectives, processes and resources to deliver results and to address risk and opportunity.

## Do:

Implement the plan; operate and support the process to realize the product.



## Act:

Analyse to determine causes of deficiencies. Take actions to improve performance.

## Check:

Monitor, study, chart and evaluate the performance and outcomes against the target objectives. Report the result.

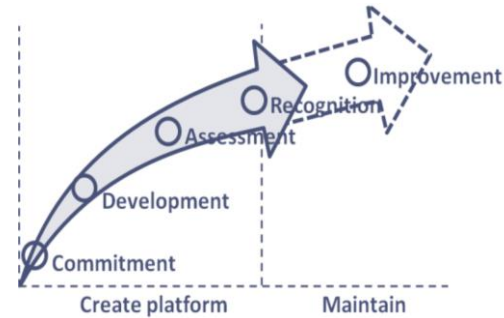
- ▶ PDCA cycle provides the underlying model for management.
- ▶ PDCA cycle is clear and easy enough, but how do we build a process-based system around it?

# ISO 9001

International standard for demonstrating ability to meet customer and regulatory requirements, and to enhance customer satisfaction.

Based on seven quality management principles:

1. Customer focus.
2. Leadership.
3. Engagement of people.
4. Process approach.
5. Improvement.
6. Evidence-based decision making.
7. Relationship management.



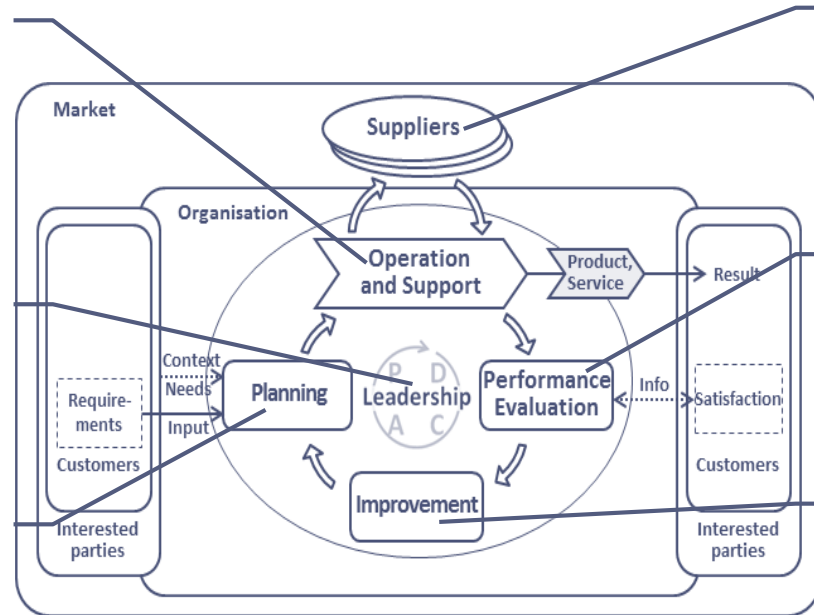
Not a one-off or periodic project,  
but an approach to a life-cycle of  
improvement

# ISO 9001 system model

Everything that it takes to transform all of the input requirements into an output. The support element develops and maintains the appropriate competencies, capability and capacity in people, equipment, infrastructure and work environment.

Drives the PDCA cycle. Sets a unified direction and promotes coherence to planned objectives. Unblocks any obstacles and maintains conditions for achieving the objectives.

Determines the customer input, mandatory requirements and the organisational context, for translation into objectives.



Suppliers are not part of the organisation, but they can influence outcomes and should therefore be engaged and managed similarly to the organisation's own resources.

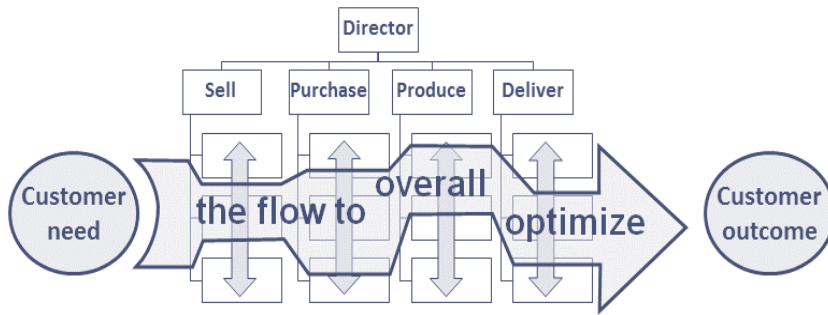
Measures, investigates and analyses the processes, product and outcomes, including customer satisfaction, for purpose of verifying that planned results are met and for identifying new risks and opportunities.

Reactive and proactive activity for assuring the ability to meet requirements and for enhancing the satisfaction of customers and other interested parties.

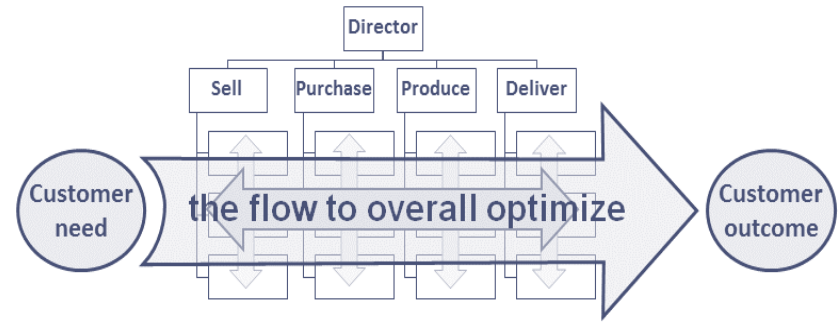
ISO universal model now in ISO 9001, 14001, 16001, 45001 etc...



# Functional vs process approach



Optimisation result within a functionally divided organisation



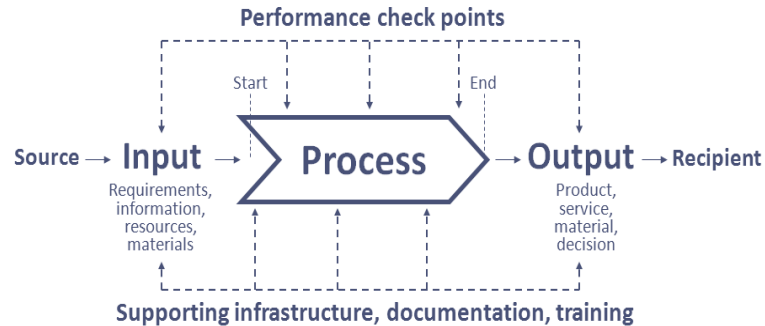
Optimisation result within a process-approach

- ▶ We all belong to both a functional structure and to a process structure.
- ▶ Everyone must integrate their efforts, with focus on the customer at the start and end of the core process.

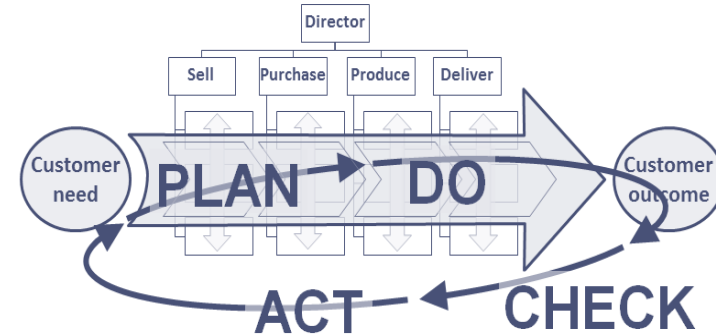
# Start with objectives

Aims	Objectives	Critical Success Factor	Key Performance Indicator	
<p>Operating Year 2016:</p> <ul style="list-style-type: none"> <li>• Grow turnover 15%</li> <li>• Net margin 5%</li> <li>• Financial sustainability over the longer term</li> <li>• Deliver value for money and quality, from a mid-position price-benefit approach (appealing to mass-market)</li> </ul>	<p>Finance</p> <ul style="list-style-type: none"> <li>• Expand customer-base 15%</li> <li>• Improve prices by 1%</li> <li>• Improve relative cost efficiency by 5%</li> <li>• Reduce exposure to risk from changes in sales mix</li> </ul>	New corporate partners joining	3 new corporate partners by Jan 2018	
		Expand products variety, at manageable neutral cost	120 catalogue lines Jan 2018	
		Enter new market	1 new export market with >5m population by Jan 2018	
		Increase in productivity	Lean review by Dec 2017 identifying >£100k waste reduction	
		Consolidate strategic suppliers base	5 strategic suppliers by Jan 2018	
		Establish portfolio delivering viable gross margin	Products mix achieve >47% gross margin	
		Align overheads to turnover	Overhead expenses are <48% of sales revenue	
		Determine cost break-down for all activities, and consistently align with service charges	Re-calculate ABC for all activities by May 2018, available for pricing reviews. Improve average sell price 1%	
	<p>Customer</p> <ul style="list-style-type: none"> <li>• Know customer needs.</li> <li>• Understand key market drivers (who they are and their influences)</li> <li>• Launch 1 new product for every 20 in catalogue</li> <li>• Add 1 service enhancement</li> <li>• Be leader in customer satisfaction</li> </ul>	Measure and monitor real customer needs/satisfaction	Annual customer satisfaction survey. Score >98% good rating	
		Knowing and understanding market drivers	Attend at least 2 industry/trade event per year	
		Establish knowledgebase of competing products	By June 2018. Maintain, evolve and use throughout year	
		Exposure article in national publication	Publish articles combined reaching >75% customers in 2017	
		On-line shop	Accept sales and despatch from beginning Oct 2017	
		Establish 6 new products, pre-Christmas	6 new products on sale by end-Oct 2017	
		Establish refurbishment exchange service	Generic exchange product in catalogue from Jul 2017	
	<p>Process</p> <ul style="list-style-type: none"> <li>• Fulfill orders on time and accurately</li> <li>• Robust handling of variability, exceptions and complexity</li> <li>• Exceed industry operating standards in areas where it supports a claim to be best-in-class</li> <li>• Maintain quality standard registration</li> </ul>	Meet promises on order turnaround time	>98% on-time next day class deliveries, measured monthly >95% on-time 3-day deliveries, measured monthly >90% exchanged made within 2 days, measured monthly	
		High quality yield	<3 stock out events per month, measured monthly Quality yield >96%, measured monthly	
		Maintain standard requirements	Maintain ISO 9001 certification in 2017 Internal audits 100% to plan, throughout year	
		<p>Resources</p> <ul style="list-style-type: none"> <li>• Great place to work</li> <li>• Reward people for quality and speed up, and cost down</li> <li>• Enhance potential of resources for creating value-added, including facilities and people competencies</li> <li>• Comply with H&amp;S</li> </ul>	Establish flexible/adaptable working arrangements	New contracts of employment agreed by Dec 2017
			Incentive objectives relate to top objectives	New appraisals system 100% completed by Jan 2018
Low sickness absenteeism			<2% working days lost to sickness	
Machines development	5% output improvement – e.g. from speed and uptime. 10% variability reduction – e.g. from deviance to tolerances.			
Conforming H&S risk-assessment	Effective response to H&S committee actions, throughout year			

# Process approach



Single process model (adapted from ISO 9001:2015)



Process approach integrating multiple processes

- ▶ ‘Process’ is “an activity or set of activities using resources, and are managed in order to enable the transformation of inputs into outputs”. Generally, the output from one process forms the input to the next, in a interlinking value-chain - starting and ending with the customer.
- ▶ ‘Process approach’ is the “systematic definition and management of processes and their interactions”.
- ▶ ‘Definition’ says: “This is how we want to perform the activity and this is what we want the output to look like”. In this way everyone can be clear about the tasks and how they link to Company objectives.
- ▶ Definitions should balance risks and opportunities within the system overall. For example, defining a ‘check point’ control may help prevent a deviance from the original intent. However, if this control is over-rigidly defined then it may prevent an opportunity for improving the process, by de-motivating or disallowing a potentially useful deviation of a new valuable idea.

# Defining processes

- ▶ Showing the overall core process(es) in a single representation provides people with the understanding of the wider interrelationships, to enable them appreciate the contributions and impacts from their own localised decision making.
- ▶ Define and document any process that can affect the effective planning, operation and control of any Company objective or adopted standard.
- ▶ Do not define processes for trivial activities or those that professional people are reliably trained to know how to perform.

## Organisation's System

### Level 1

Organisation purpose, mission statement and policies

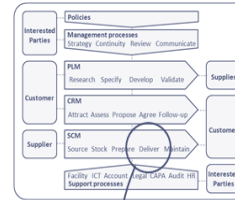
Relate

## Requirements

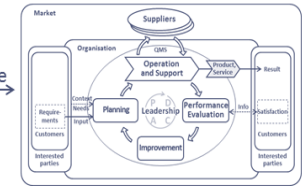
Customers and interested parties, including legal requirements

### Level 2

Core processes

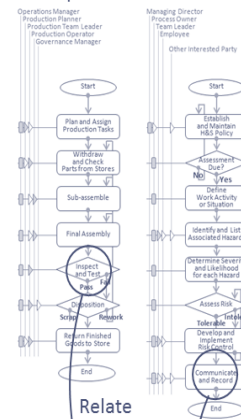


Relate

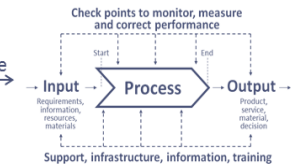


### Level 3

Sub-processes



Relate



### Level 4

Records/evidence  
Records/evidence

Relate

Governance, auditing and traceability requirements in various source standards

# Process manual

## Organisation's System

### Level 1

Organisation purpose, mission statement and policies

Relate

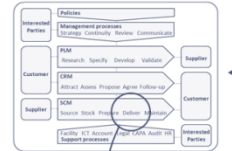
## Requirements

Customers and interested parties, including legal requirements



### Level 2

Core processes

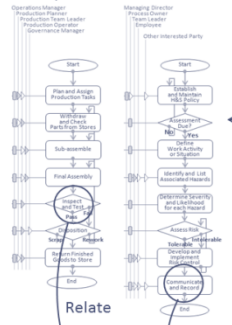


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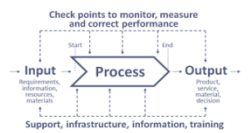


### Level 3

Sub-processes



Relate

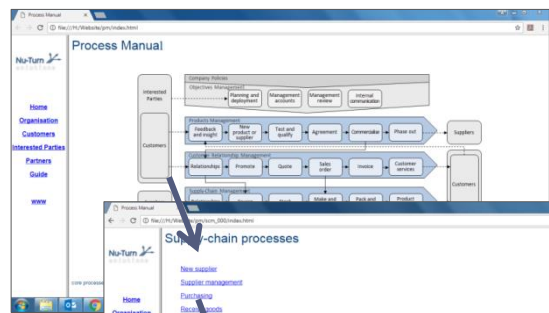


### Level 4

Records/evidence  
Records/evidence

Relate

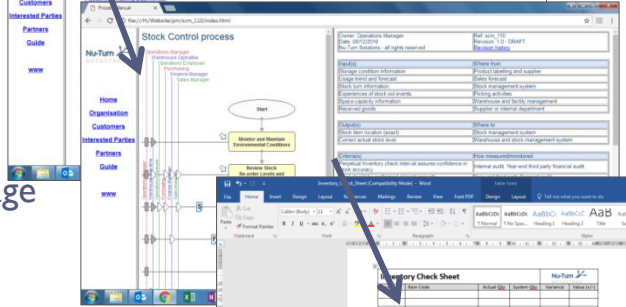
Governance, auditing and traceability requirements in various source standards



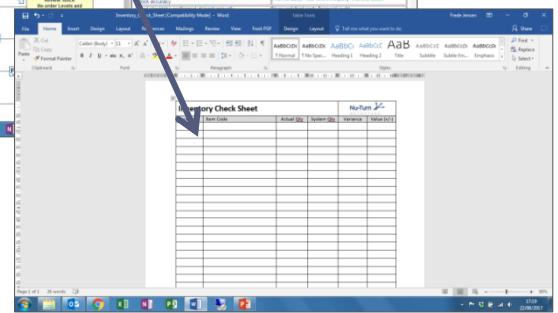
Home Page



Links to Menu Page

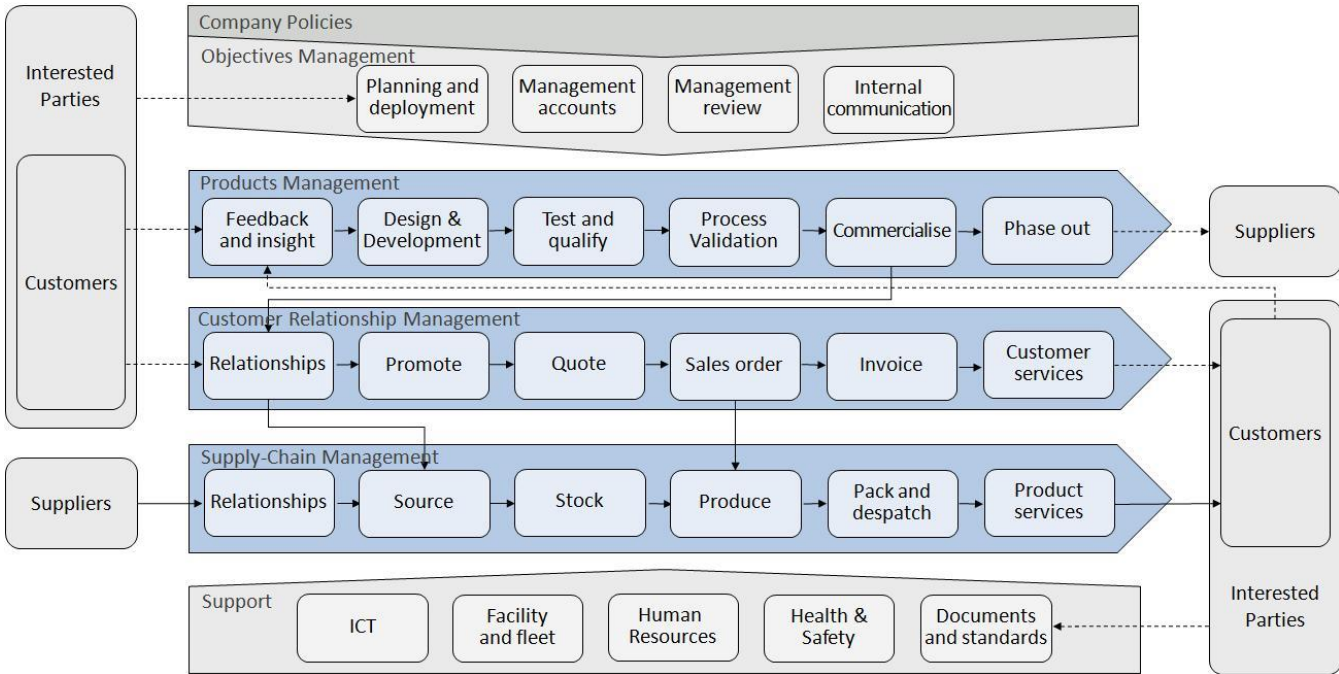


Links to Process Definition



Links to Resources and Forms

# Core processes map





# Process development

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Define customer needs

Define company needs

Define any other requirements (legal etc.)

Determine what activities are required to deliver and satisfy the needs

Arrange activities into a logical sequence (a process)

Design in robustness - to reduce the chance of mistakes and variability

Design out waste - to make best possible efficient

Define: inputs, outputs, resources, criteria, responsibilities

Document the process - only if important or difficult to remember

Implement

Measure outcomes

Continually eliminate variability/mistakes

End