

Jihočeská univerzita
v Českých Budějovicích
University of South Bohemia
in České Budějovice

Principles of process management

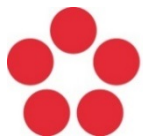
doc. Ing. Ladislav Rolínek, Ph.D.



EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

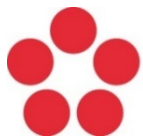


MINISTERSTVO ŠKOLSTVÍ,
MLÁDEŽE A TĚLOVÝCHOVY



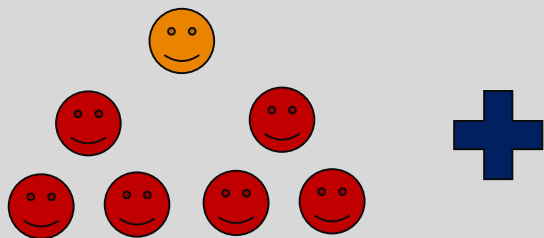
Hammer, Champy understands **process management** as assuring that processes operate at the highest possible level of their potential, looking for opportunities to improve them and then implementing these opportunities into reality.

Champy J. – Hammer M.: **Reengineering the Corporation: A Manifesto for Business Revolution**, New York 1993

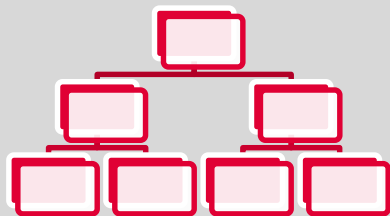


he concept of process management

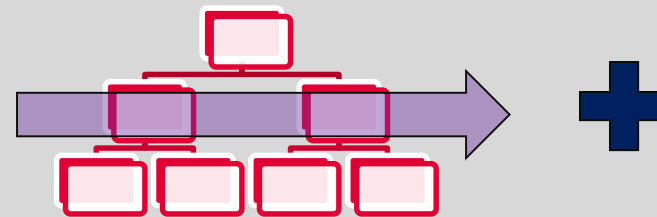
People in
the organization



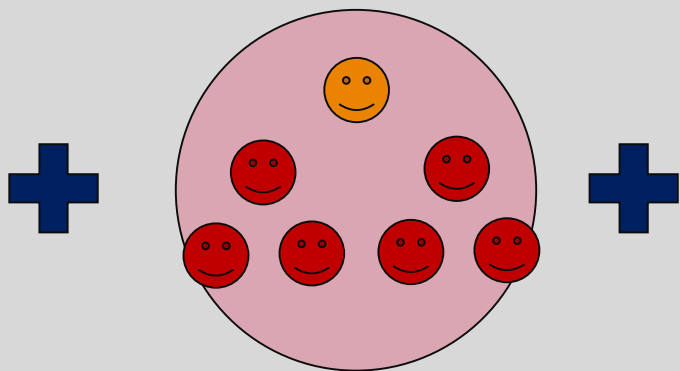
Formal
organizational
structure



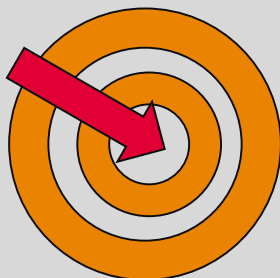
Processes



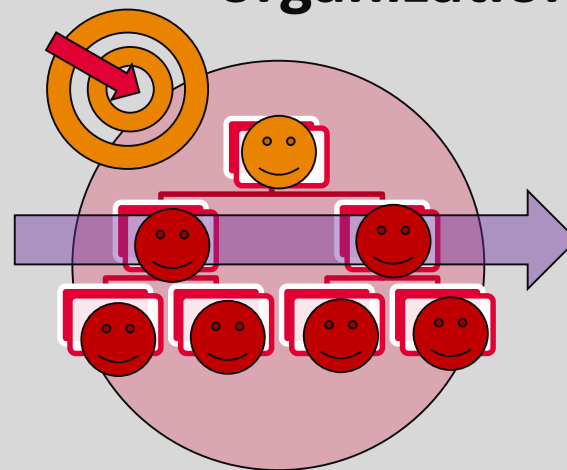
Corporate
culture

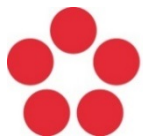


Strategy

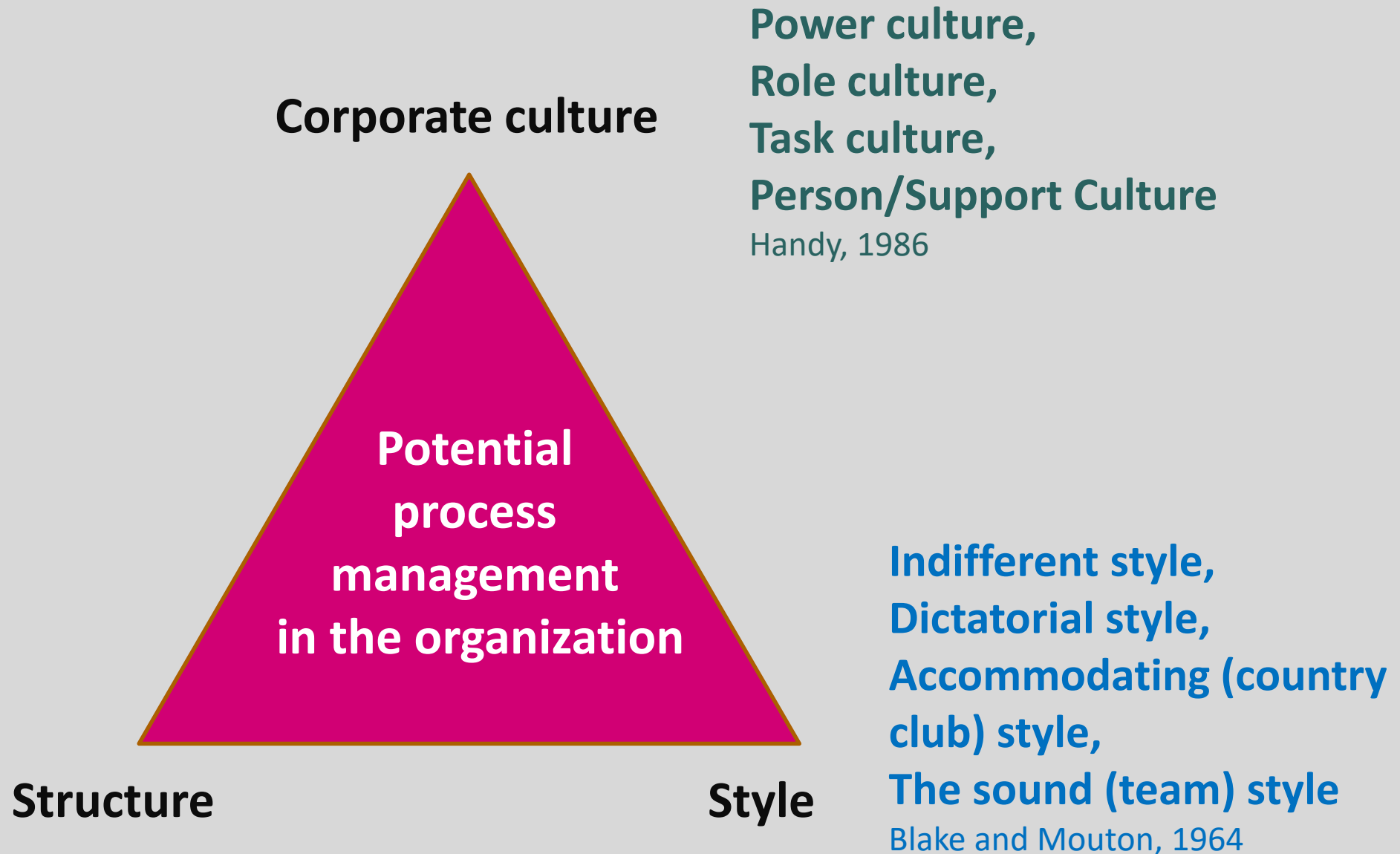


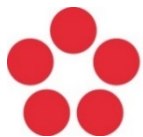
Process management
organization



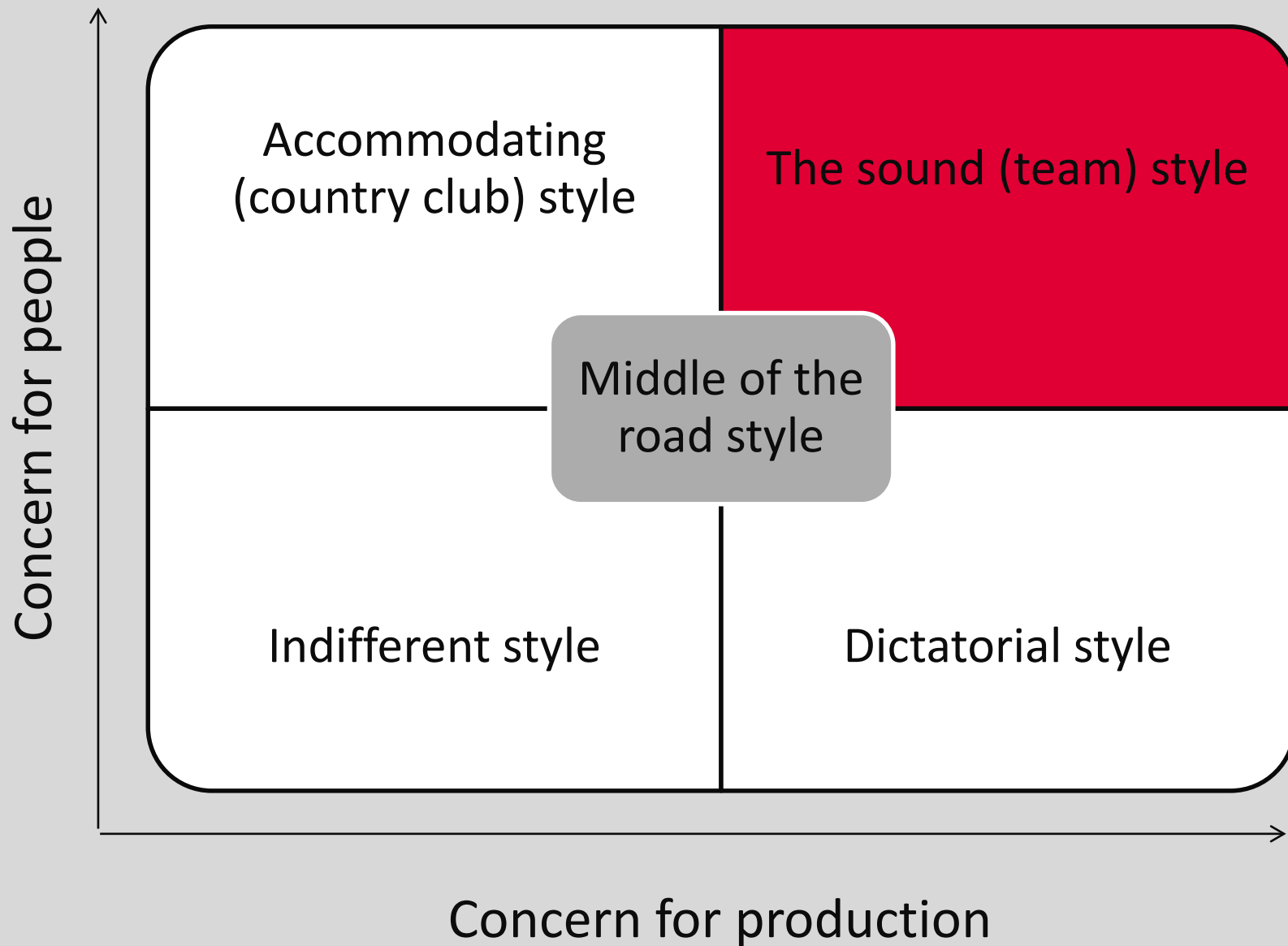


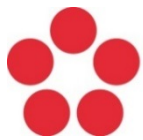
Potential process management





Potential process management - Managerial grid





Power culture

One power center, the necessary approval of the "boss".

Role culture

Potential of process management in an organization

One power center, the necessary approval of the "boss".

Based on rules, procedures, norms, functions. It is successful in a stable environment. The process management can preserve it.

Task culture

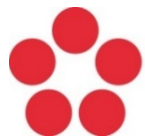
Orientation on tasks, projects and their fulfillment, realization.

Results, consistency between group and individual goals.

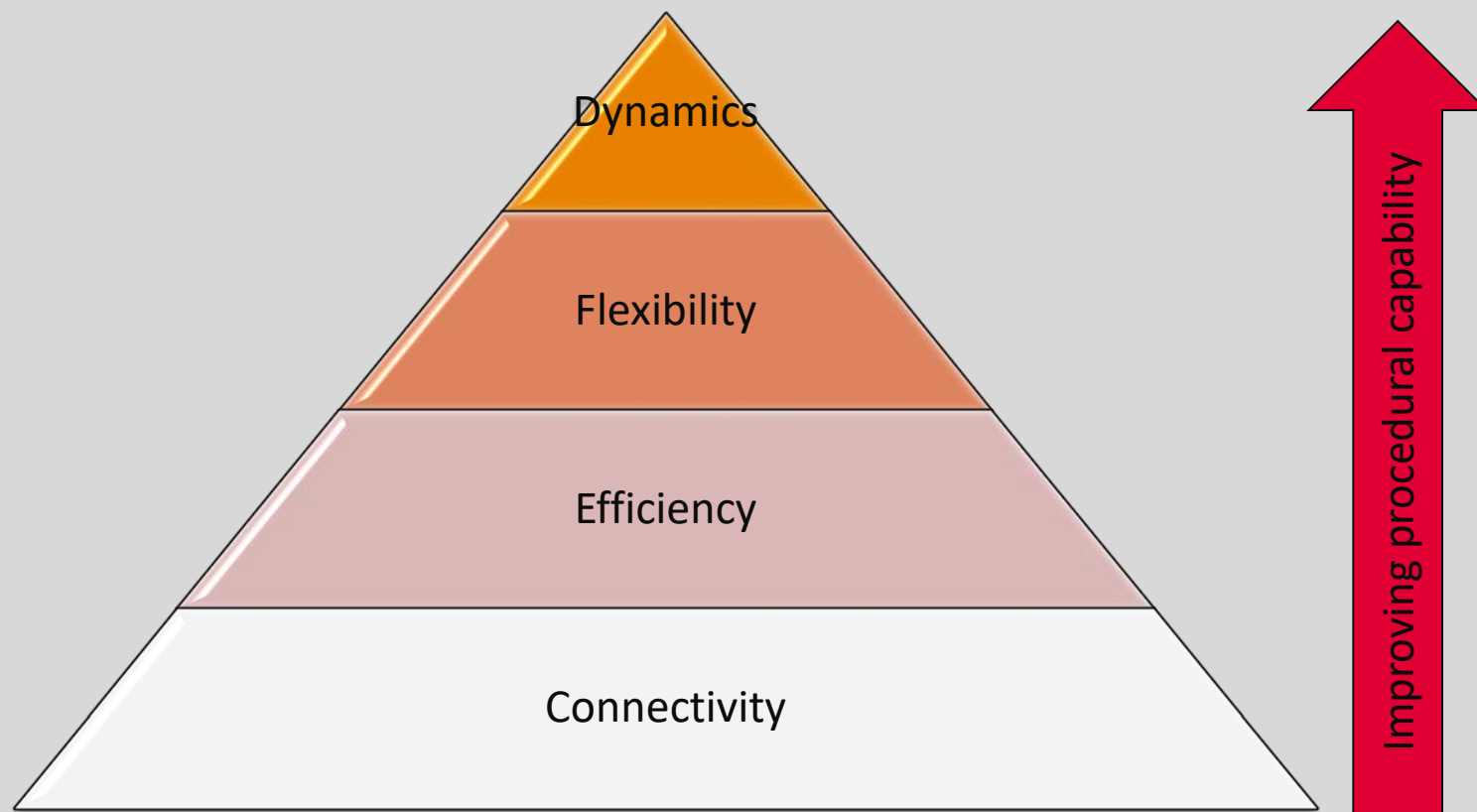
Suitable for dynamic markets.

Person/Support culture

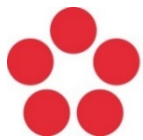
Several individuals, such as lawyers, decide to combine, in order to reduce operating costs, administrative equipment.



Pyramid of Process Maturity

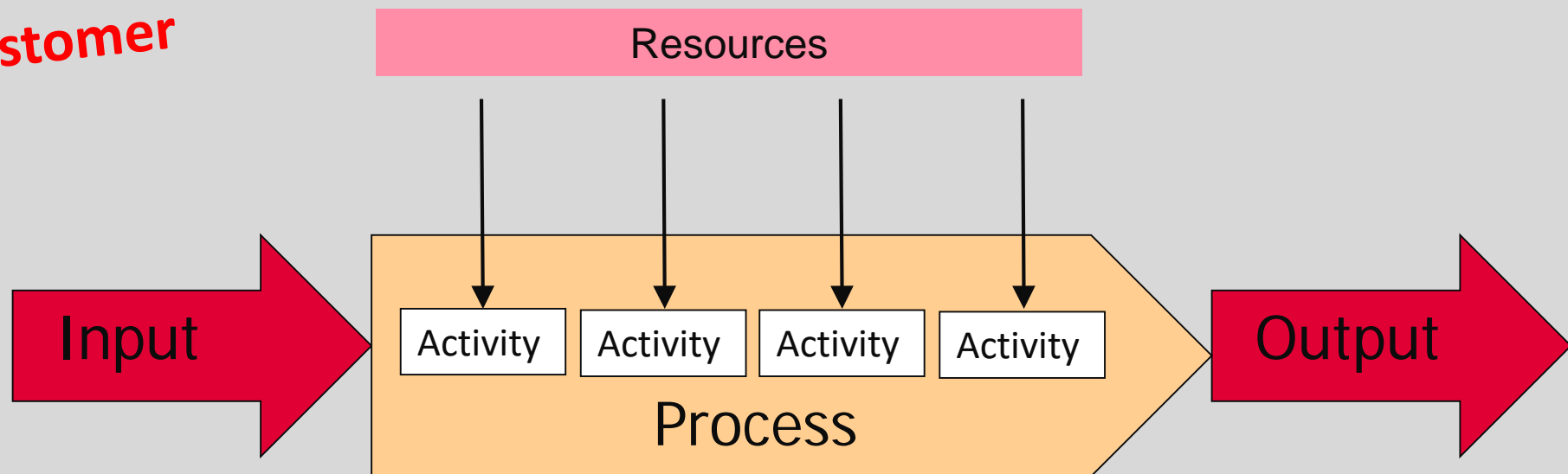


Process blindness



**Value for the
customer**

Process types



**Developing a reference process
model**

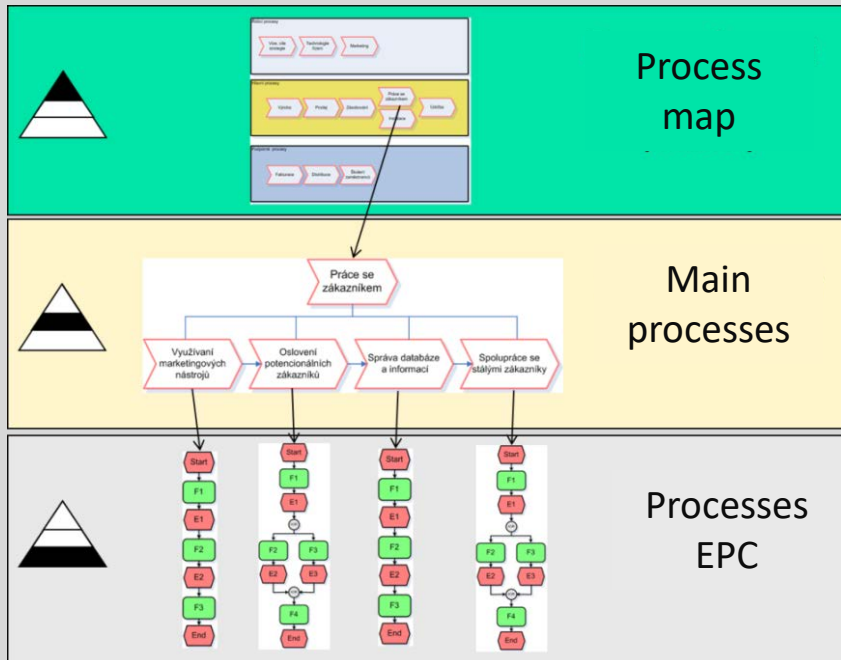
Culture



Structure

Style

Processes do not respect the organizational structure

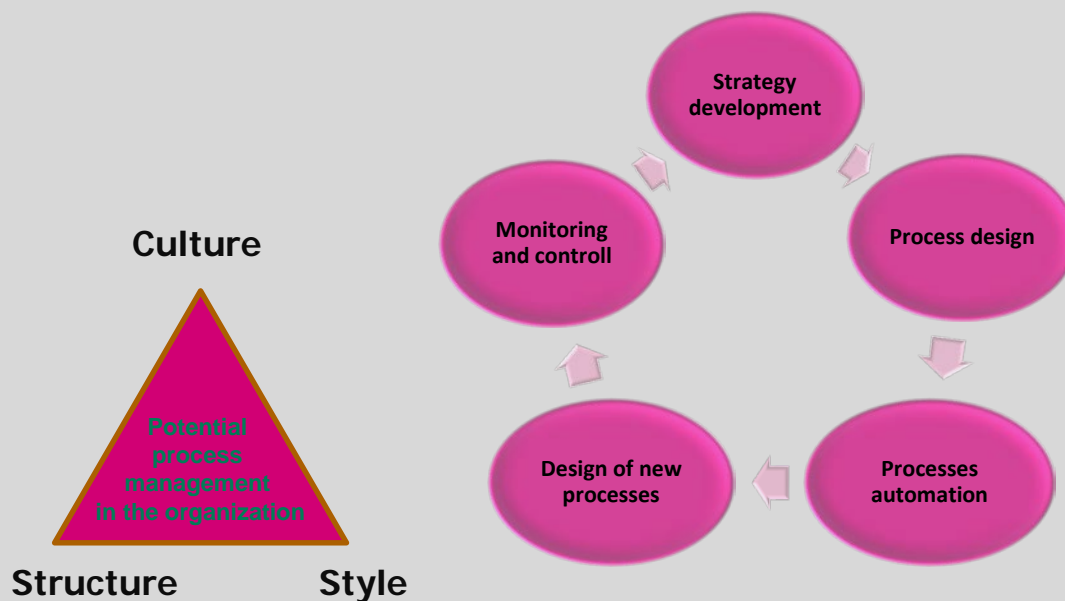


Process Optimization
 3R – rethinking,
 redefinition, redesign

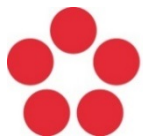
Processes – Activity - Resources

Process analysis

Responsibility matrix



Responsibility for activities ..	Works on	Consulted	Accountable	Informed	Cooperates	Controls
Jiří Novák		x	x			
Martin Kolouch	x					
Tomáš Kratochvíl				x		x



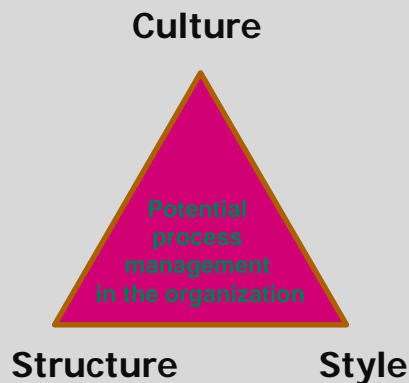
1) Ensuring people's cooperation across the process



Goal Management, Evaluation and Remuneration System, Role Differentiation, External Threat Information

2) Introducing steering mechanisms to ensure cooperation in a desirable direction

Determination of mission, goals, performance, evaluation of results, management of bottlenecks, matrix organizational structure, teamwork





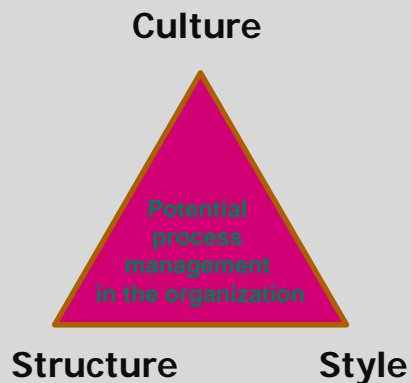
System approach to business management

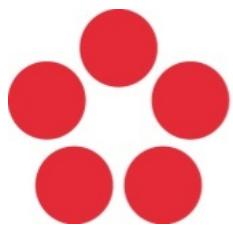
new point of view, new elements, relationships, their management, the search for opportunities.

Dynamic processes

It can not be standardized

- Changing the knowledge and experience of people before and after the system
- Response of external customers (collateral competitiveness of the enterprise)
- Reaction of internal customers (development of needs workers)





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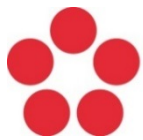
Case study IBM Credit Corporation



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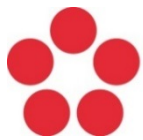


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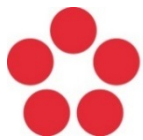
Task

Locate and describe as many potential solutions to improve the condition.

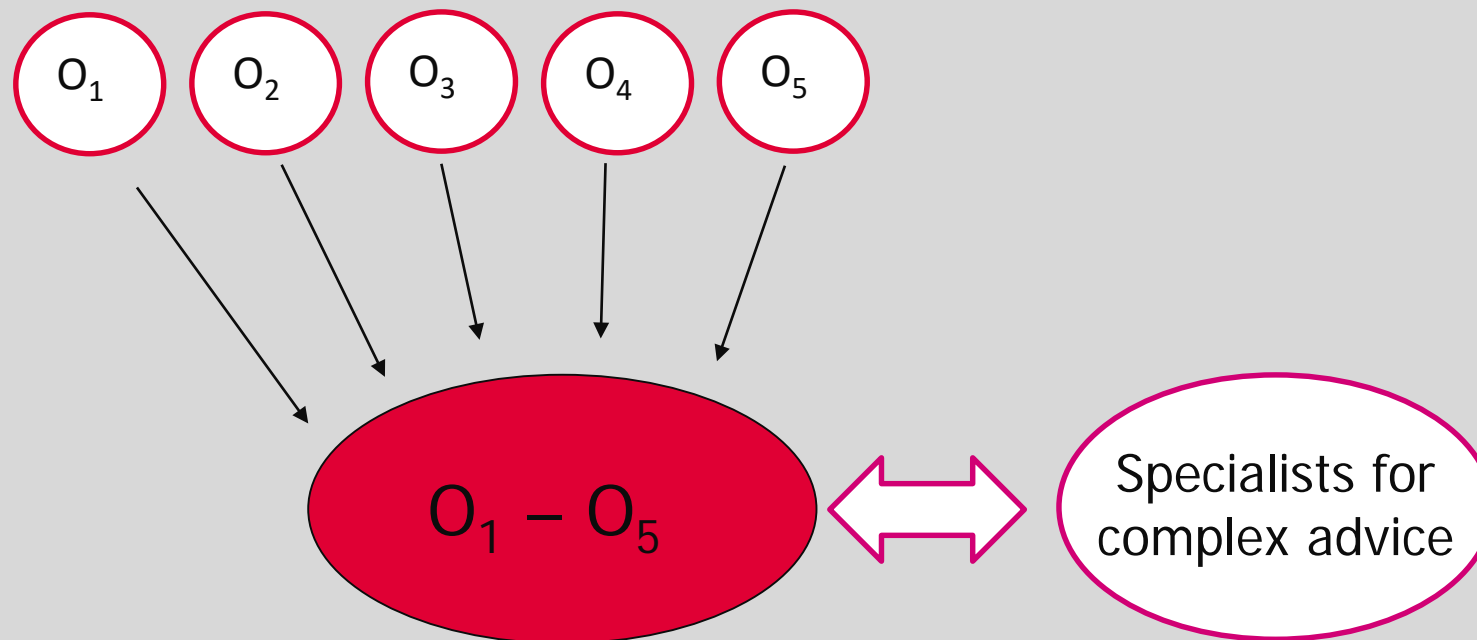


Solutions - partial attempts to correct

- 1) Control point
- 2) Automate the whole process
- 3) Applying a number of business rationalization techniques
- 4) Standardization of individual measures
- 5) New incentive programs
- 6) Radical solutions - reengineering

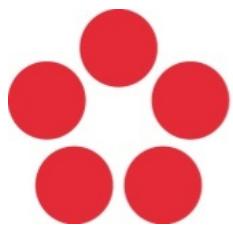


Radical solutions - reengineering



The **problem** is in the process architecture. The operations last a total of 90 minutes. Bindings (arrows) - 7 days.

Action - exclude arrows, rationalize operations



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Process management principles



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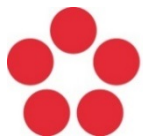


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Process management principles

Work	<ul style="list-style-type: none">1. Principle of integration and work compressing2. Principle of delinearization of work3. Principle of most advantageous place for work realization
Process	<ul style="list-style-type: none">4. Principle of application of teamwork5. Principle of process-oriented motivation6. Principle of responsibility7. Principle of the variant concept of process8. 3S principle - self-management, self-control and self-organization
Company	<ul style="list-style-type: none">9. Principle of elastic autonomy of process teams10. Principle of accessibility of information and knowledge



1. Principle of integration and work compressing

Separate and formerly different work merges and densifies in a **horizontal and vertical** direction into one process so that it can implement a process team to maximize value for the customer.



Dimensions
horizontal and
vertical.

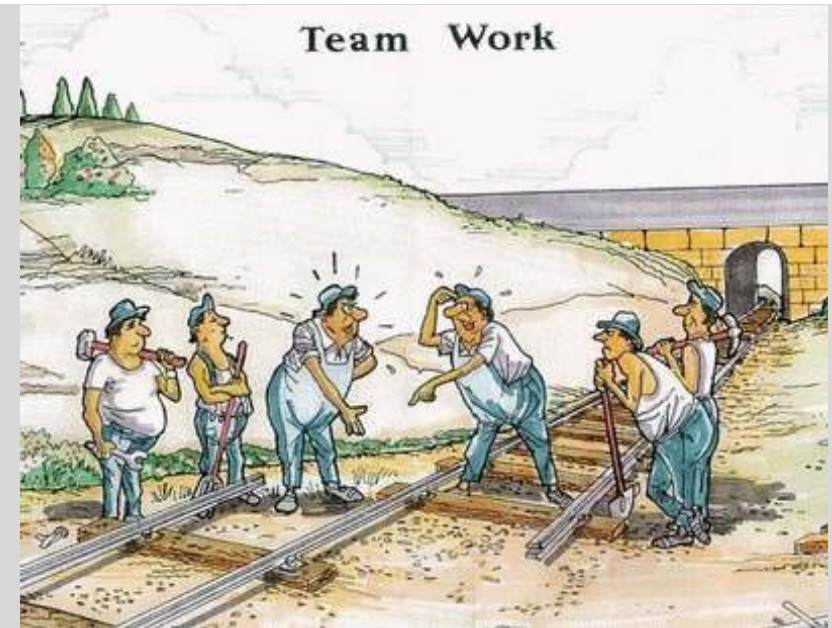


1. Principle of integration and work compressing

Horizontal integration is a combination of activities into one process.

Advantages:

- the need to oversee the detailed implementation of all work is reduced;
- the interface of operations is eliminated, thus eliminating errors resulting from misunderstandings between levels and individual workers;
- reducing administrative overheads and so-called transaction costs;



1. Principle of integration and work compressing

Advantages:

- by integrating operations into the process, self-management and self-control within the work team are made possible;
- outputs from the process are clear and unambiguous, and it also enables customers to be more comfortable;
- the speed of process implementation increases with respect to the need for flexible process change.

1. Principle of integration and work compressing

Vertical integration

- means transferring decisional acts from the control pyramid hierarchy to processes
- involving functional **function specialists** in the individual processes that are part of these teams;
- a new concept of strategic management, where the role of anticipation changes and the strategy is transferred to a certain extent to individual teams.

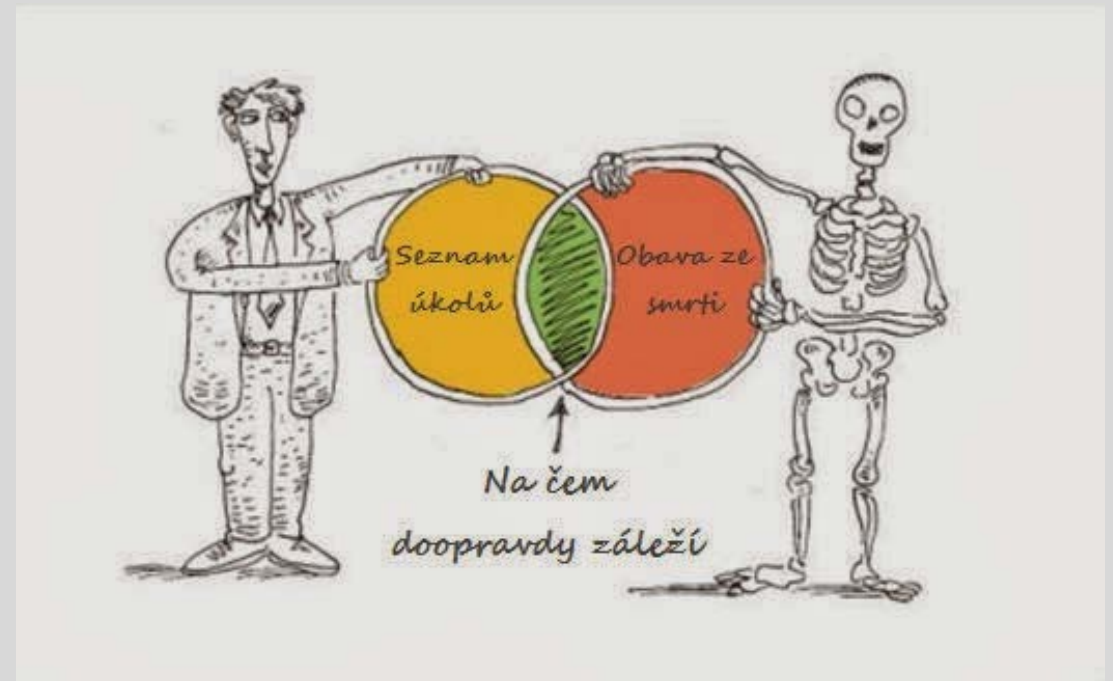


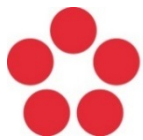
ask the
specialists

1. Principle of integration and work compressing

Advantages:

- in situations where workers were forced to demand a higher level of management hierarchy, they now decide on their own;
- decision making is not separate from real work but becomes part of it;
- in the process model, workers decide on the process.





1. Principle of integration and work compressing

Compression of work is a process extension (work densification) so as to maximize the added value for the customer.

It is related to methods of redesigning processes, which are:

- to eliminate unnecessary activities,
- to complement the missing,
- to innovate inefficiently implemented activities,
- efficiently organize process architecture,
- the integration of suppliers into the process of the manufacturer,
- customer integration into the manufacturer's process.





2. Principle of delinearization of work

Artificially created continuity of work is replaced by a natural sequence of work in accordance with the requirement of teamwork.

Delinearization speeds up processes:

- a lot of work can be done concurrently (team members decide on it);
- in a well-coordinated team, there may be greater or less substitutability,
- reducing the time between the beginning and the end of the process reduces the possibility of additional changes.



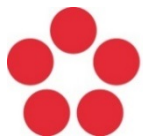
3. Principle of most advantageous place for work realization

Work is carried out where it is most advantageous, regardless of organizational boundaries inside and outside the enterprise.

There are four options:

- the process of the process within a functional arrangement (traditional view, functional organization remains preserved, some activities are solved on a procedural basis);





3. Principle of most advantageous place for work realization

- the process flow across the organization, regardless of the functionalities (it is a complex overhaul of the organization - it starts with the creation of a process map, followed by the redesign of processes);
- work is transferred from the inside out - certain work can be done by the customer himself (IKEA, online stores, gas pumps);
- work is transferred from the outside (vendor integration, customer integration).



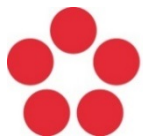


4. Principle of application of teamwork



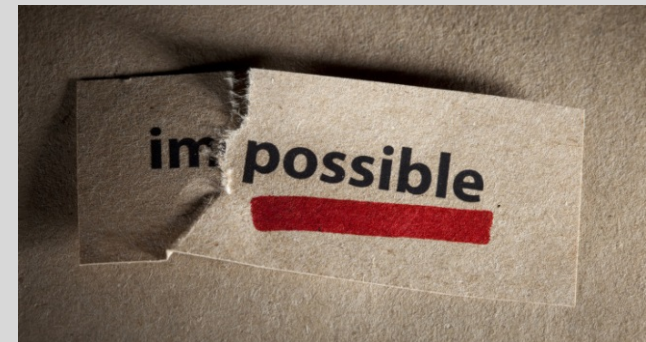
Processes implement process teams with considerable authority so that their motivation can be closely tied to maximizing added value for the customer.

- Project structures can be used - for example, Bell Atlantic - a combination of people with different qualifications to close a claim; Kodak virtual team - the team is only set up to construct a new product; a case officer at IBM Credit has access to databases and manages 90% of all work, special cases are solved in cooperation with specialists.



5. Principle of process-oriented motivation

The motivation of the staff in the process team is maximally bound to the outcome of the process - the added value for the customer.



Example:

Center of Excellence at General Electric is evaluated using value metrics with the following indicators: 1. Quality, 2. Delivery dates, 3. Cycle time, 4. Labor productivity, 5. Environmental safety aspects.

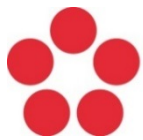
The process owner is responsible for implementing a particular process.

The process owner is the person responsible for the efficiency and effectiveness of the process he is leading.

Process owner:

- coordinates the work of the whole team;
- ensures customer contact
- is responsible for the whole process and especially for creating the value added process for the customer, to which the entire team is motivated.





7. Principle of the variant concept of process

Variants of the same process are created according to the demands of different markets or inputs.

It is related to the individualization of customer needs.



Examples:

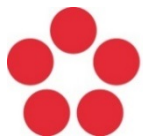
Mass production of cars and the current modular system; IKEA



Self-management, self-control and in some cases **the self-organization** of process team members is made possible by their high level of knowledge and responsibility for their own work and a direct motivational link to the results of the process.

Process teams are running self-control within self-management with use motivational indicators (value metric).





9. Principle of elastic autonomy of process teams

Process teams are flexibly assembled in line with changing customer needs, with hybrid (centralized - decentralized) operations prevailing.

Although the independence of teams is promoted, some operations are more advantageous when implemented centrally.

Examples:

Hewlett Packard - the way to deal with the purchase
The way of lending in the bank

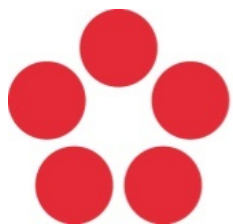


10. Principle of accessibility of information and knowledge

Systematically, knowledge and information barriers are removed and the flow of information within the enterprise and in an effective manner outside the enterprise is created.



The process approach is based on the assumption that everyone has the right to all business information and everyone decides what information they will need for their work.



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Aomeba



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Kyocera Corporation

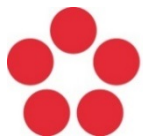
Dr. Kazuo Inamori

Japanese corporation



Manufacture of ceramic, semiconductor devices,
telecommunication equipment.

There are about 3,000 amoebas in the corporation,
amoeba is from 5 to 50 employees

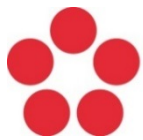


Kyocera Corporation

Smyslem je uchovat si přednosti malého podniku, pružnost, rychlou reakci, minimální režijní náklady a zároveň výhody velkého podniku.

Podniková organizace se má zabývat:

- produkcí (výrobků, služeb),
- produkcí sama sebe (regenerací výrobního procesu, dovedností a znalostí)



Top management consists of the owner and delegates of each ama. Decides on strategy, capital, and investment.

Aomeba may have a certain maximum number of employees.

Aomeba is level in terms of hierarchy.

Amoeba is identified by product and by nature of work (marketing, research).

The rating is based on value added.

