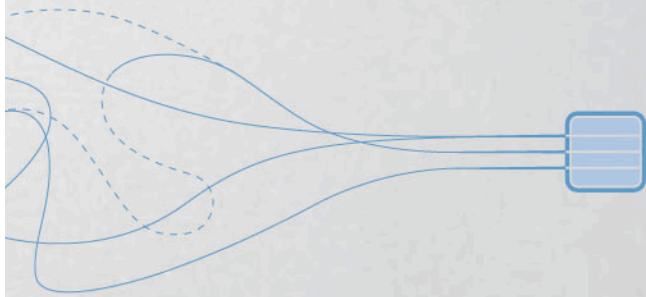


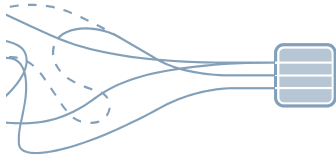
# From Chaos to Profit™:

How to transform your organization by  
aligning processes, people and technology



ACM CONSULTING INC

IMPROVING ORGANIZATIONAL EFFICIENCY & COMMUNICATION



## **How to effectively transform your organization**

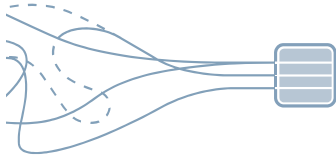
Every business has its challenges and that is what makes effective management so important. The way that organizations provide value to their clients and customers is a constantly evolving process of improvement and development of their competitive advantage. The average business in North America has an employee turnover rate of 20-22%, meaning that organizations are constantly dealing with new employees and lost knowledge. According to a survey conducted by the Economist Intelligence Unit, almost 80% of respondents agreed that IT investments made their company more competitive. So what does this tell you? If you are a business that will be improving the way it conducts itself, that will have staff turnover and that will be investing in new technology, then you need to know how to transform your business by aligning those three core aspects of your business: processes, people and technology. This paper is for those business owners and executives looking to transform their organizations through better alignment of processes, people and technology in order to operate more efficiently and effectively.

You might be asking at this point 'what will this transformation achieve?' and 'what are the benefits of properly aligning my organization?' These are great questions, so here are some of the benefits transforming organizations can achieve:

- Increased profit by streamlining operations, reducing duplicate work and automating non-value added and repetitive activities;
- Improved return on investment by focusing on investments that align with efficient business operations;
- Decreased processing and administrative costs due to a focus on value-added activities;
- Increased employee, supplier and customer satisfaction due to an effective and focused communication and retention strategy.

### **Processes**

Business processes dictate how your organization operates so you need to improve your strategy for how this will be done. Do you want to be responsive to market changes? Do you want have flexibility to bring on additional product lines? Do you want to focus solely on existing services that you provide? Do you want to have quick approval processes for your employees? You need to have a vision of how you want the business to operate. If we start with the premise that the objective for all businesses is to make money, then we can move forward in saying that every organization needs to develop business processes that will help them make money. There are three ways to ensure that this happens, each of which will be discussed in detail:



- Identify your value;
- Leverage your core competencies;
- Build support processes.

### ***Identify your value***

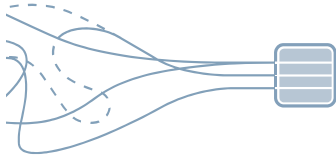
The first step for any business needs to be identifying the value that you can offer your customers, suppliers and other stakeholders. The term 'value stream' has its origins in the Lean-manufacturing environment, however it is applicable to any business process. Your value stream identifies the steps in your business required to bring your product or service to your customer. You can easily develop a value statement by analyzing the steps in your value stream and identifying those activities that are adding value to your organization. Without a value statement, you will have trouble focusing on what needs to be accomplished in order to be successful. Identifying your value statement answers two simple questions: *what does my business do better than others and why?* All business owners and executives should be able to answer these questions without hesitation. In the context of my own business, I help companies align their processes, people and technology better than anyone else because of my unique experience in managing numerous system transformations for companies in many different industries. I provide clients with the ability to align their own organizations by pointing them in the right strategic direction and working with them to develop tools for sustainable success. You should be able to communicate your company's value in no more than two or three sentences.

### ***Leverage your core competencies***

Now that you have identified the value that you provide to your customers and you know why you are able to provide that value, you need to determine how you can leverage that value to increase success. By understanding why you do things better, you develop the understanding of your business's core competencies. To leverage those core competencies you need to look at other opportunities for growing the business. How can you access other target markets? How can you expand into other geographic markets? What partnerships can you enter into that will benefit your organization? At this point you may need to re-look at your existing target market to find out why you are successful in selling to that market. By understanding the needs of your customers, you can identify other opportunities where that knowledge will be transferable to other segments of the marketplace. What other customer segments have similar characteristics to your current customer base and how can you leverage what you know to access those segments?

### ***Build support processes***

Understanding your value and how to leverage it deals with the overall strategy of the business, so you now need to build supporting processes to deliver that value to your customers. You need to determine what processes need to be developed in order to support your business. A key success factor in the development of these



processes is that they must stay true to the value that your organization offers and only focus on the value-added activities. Activities performed should have a direct impact on your bottom line, your ability to retain employees or customers, your ability to increase market share or your ability to increase productivity. If the processes that you develop are not focused on these desired outcomes, then your staff will be performing work that is unnecessary and takes their time away from more important activities. An element of the development of value-added support processes is finding opportunities to outsource certain activities to other companies. The criteria here needs to be that outsourcing the activities should not impact your organization's capabilities. I am not a tax expert so I hired someone to do my tax returns. I am not a technology expert so I hired someone to build my website. My time is much better spent providing value to my clients and helping them operate their businesses more effectively and efficiently. You need to find those same opportunities within your business.

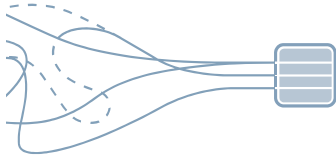
## **People**

People are the backbone of your organization. They are the internal and external faces of your organization and they are the determining factor as to how you are perceived by your customers, suppliers and business partners. Customer service and employee satisfaction become the success measurements to show the impact of people on your organization. Every interaction that one of your employees has with a customer creates an impression, whether it is support, sales or delivery so you need to ensure that your organization is structured properly. Every interaction that your organization has with its staff creates an impression. To structure your business properly, you want to ensure that structure optimizes the delivery of your organization's value to customers. There are four areas that you need to develop and manage effectively in order to accomplish this:

- Structure the business appropriately;
- Manage and retain employees;
- Communicate effectively;
- Manage change successfully.

## ***Structure the business appropriately***

You need to look at the current roles and responsibilities within your organization and determine what accountabilities need to be in place in order to align with your process value. What kind of culture do you want for the organization? If you want a culture that encourages entrepreneurship and autonomy, then you need a flat organization with very few levels of management. This also means that accountabilities need to be clearly communicated so that employees know what they can and cannot do. In this type of environment, employees have the ability to make decisions on behalf of the organization with little to no supervision. If you want a culture that encourages being conservative and following centrally developed policies, then you will typically have more levels of management and approval as



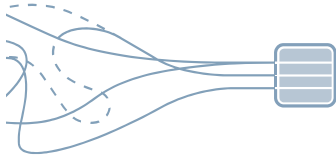
well as more control over each decision that the company makes. In this type of organization, decisions are taken centrally and employees have less flexibility to make their own decisions based on individual circumstances. Once you have determined your desired culture, you then take steps to implement an appropriate structure to support that culture.

### ***Manage and retain employees***

If you want to be an organization that attracts and retains top talent, then you need to understand how to satisfy the needs of that top talent. What does your organization do to identify and retain its top employees? What motivates those employees? The first step is to identify who are the top employees. Identify their characteristics, their performance achievements and understand why they are successful. What do they do differently from the under-performers? By doing this, you will accomplish two things: you will better understand what motivates them, thus helping you do things to retain them and challenge them; and you will understand the profile of a successful employee within your business, thus helping you to recruit people that would be a good fit for the organization and enable them for success. Look at other organizations that you consider to be great organizations and identify what you can do to emulate their success. There are many great examples out there of companies with low turnover and that are constantly attracting the best talent. Find out what they are doing and look to implement similar initiatives. Recognizing the needs of employees and recognizing that those needs will change over time or with the economy is a good way to ensure that you are providing your business the best opportunity for success.

### ***Communicate effectively***

One of the areas where most organizations fail is in the area of communication. Every company communicates, but are they communicating effectively? Most are not. Communicating effectively is a part of your overall company strategy about being consistent with your message and knowing what you want to communicate. You should be communicating all of the great things that are happening to your company, or how your company benefits customers, the community, and its employees. Don't be shy about communicating your organization's strengths and successes. Effective communication means that you know what message you will be communicating and to whom. It also means that you know how that message is to be delivered and how often. Let's call this effective communication planning. Without this, you are not delivering a clear message to your customers, your employees, your suppliers or the marketplace. Another aspect of effective communication is soliciting feedback from your employees, customers and suppliers. Find out what information interests them and how they would prefer to receive it. By developing this communication plan, you create a roadmap for effective and consistent communication, regardless of the circumstances.



### ***Manage change successfully***

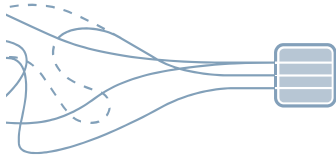
According to a McKinsey survey from 2008, only 30% of change efforts within organizations actually succeed. Managing change is another key success factor in successfully managing your people and aligning your business. How you manage change should be reflective of the culture that you have or desire to have. People have different motivations so you need to anticipate changes to your organization and determine how you will deal with those changes. We all know that businesses are going to change over time: there will be employee turnover; the economy will change; new competition will enter the marketplace; you will implement new technology; you need to deal with that change. How do you want to deal with change? Do you want to force changes through the organization, do you want a more collaborative approach or do you want something in the middle?

Change is difficult for most organizations because they do not recognize the ‘what’s in it for me?’ principle. When something changes in your organization, your stakeholders are all going to need to know what is in it for them. You need to identify the benefits to each of those stakeholder groups as well as the benefits to the organization as a whole. This will enable you to have a smoother transition process because people within and outside the organization will understand why the change is being made and how it impacts them. You need to listen to your stakeholders and lead by example. Your change management strategy should align with the culture that you have developed and be consistent with the value that you are communicating across the organization. This sends a consistent message to your customers, suppliers, investors and other stakeholders that you embrace and encourage change and have built it into your organization’s DNA. Your ability to adapt to changing circumstances may even become a competitive advantage for your organization.

### **Technology**

The reason that technology is the third component of this model is because technology should be used to support the first two elements discussed above, processes and people. Technology should allow you to perform your processes faster and more efficiently but should not be the driver for change. Technology should help you manage and monitor accountabilities and compliance but should not determine it. Organizations need to first determine their value-added processes and the appropriate structure to support those processes, only then select technology that supports those processes and structure. When looking for technology investments, you should be looking to select systems that make the lives of your customers, employees and business partners easier. There are two ways that technology can be used to support your business:

- Increase productivity;
- Automate business processes.

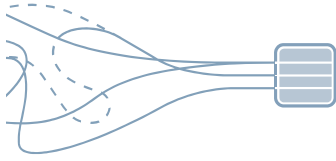
***Increase productivity***

Technology can be used to drive the productivity of your employees and enhance the experience for your customers. You need to ensure that you are selecting technologies that support your business processes and reflect your organizational culture. Look for technologies that can support the value-added activities that your employees perform and make their jobs easier. By offering tools for remote work you are offering employees the opportunity to be productive from places other than the office. If managed properly this can be a strategy that not only increases productivity levels, but also improves employee morale. You also need to ensure that your office systems are integrated by making it easy for employees to print, scan and fax documents as well as being able to store them electronically. The less time your staff spends on those types of administrative tasks, the more time they can spend on the activities that provide value for your organization. Look for opportunities to invest in technology that can be used to move your processes along more quickly.

Technology should also be used to make the customer experience more productive and easier. Making information available on the Internet is only one way that this can be accomplished. Allow customers to easily change their personal information and data and have that integrated with your customer management system. You may also want to create an online community where customers can share information and experiences about your organization. You will gather tremendous feedback and will create another level of customer loyalty as people participate in the community. This community also would allow customers access to knowledgeable support resources when they have issues to be resolved. These issues may be resolved by other customers through their own experiences or through intervention by your staff. An Internet community can create a level of engagement and customer loyalty that cannot be achieved any other way because it is easy to access and available at any time of day.

***Automate business processes***

Once you have developed your business processes and the desired outputs, you should be looking to automate those that make sense. Automating business processes correctly can remove a great deal of administrative work from your staff and allow them to focus on the value-added activities. Automation should target those back-end processes that are repetitive such as invoice matching and payment, purchase order creation and goods receipt. These processes have specific conditions that need to be met in order for an action to be performed. These conditions can be automated using various technologies so that only exceptions need to be dealt with. For example, if an invoice is received electronically, that invoice can be automatically matched to the original purchase order information as well as the information on what was physically received, with any exceptions being identified where information did not match. This three-way match can be performed automatically and the invoice can be automatically triggered for payment and the



payment can be made via direct deposit. This entire process required no human intervention and allowed the process to be done quicker and more efficiently, thus allowing staff more time to focus on customers and adding value to the organization.

### **Final thoughts on alignment of processes, people and technology**

As you can clearly see, an organization that has their processes, people and technology aligned has a greater opportunity to succeed because they are able to focus on the activities that add value. Too many organizations purchase technology without considering how they should be doing business so they become a slave to that technology. Too many companies make operational process changes without making the corresponding organizational changes so duplicate work increases and accountability decreases. These are not the characteristics of a successful organization. You have an opportunity to improve your organization by following a consistent strategy and ensuring that all aspects of your business align with that strategy. Successful companies make tough decisions and some of your toughest decisions may be on the horizon so embrace them, as they will be better for your employees, your customers and your business partners. A transformation is a dramatic change in your organization and that is what you will need to be a leader in the economy of the future.