

Managing Key



Business Processes

A guide to help you think strategically about how you manage the key processes in your business

Managing your key business processes is primarily about helping to execute your strategy. In addition, it is, and of course has always been, about maximising the efficiency of everything you do in order to deliver operational excellence and grow profitability. No business can allow inefficiency and waste and there is no point in seeking to increase the top line, if your operations cannot deliver on the marketing promises made to attract that extra business, and more importantly convert that increased revenue to the bottom line.

Managing Key Business Processes

This guide is designed to get you thinking strategically about how you manage the key processes in your business and covers the following content:

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1. Introduction

Finding the right strategies for your business is clearly a big challenge. But executing them often proves to be an even bigger hurdle for senior managers and research continuously shows that many companies, large and small, struggle to bring the agreed strategies to fruition. As a result, across all industry sectors, there is a growing emphasis being placed on building execution capabilities within enterprises.

Of course, executing your strategy depends upon a myriad of factors such as management effectiveness or employee engagement levels, and encompasses a multitude of activities, but ultimately execution happens through your key processes; and depending upon the nature of your business these will include areas like

financial management, marketing, human resources and a range of operational processes such as front office (reservations and reception), food and beverage and so on.

Unfortunately, in tourism enterprises, it has not been uncommon for strategic management and operations management to happen in relative isolation to each other and in many cases operational managers have no real understanding of the strategic focus of the business they work for.

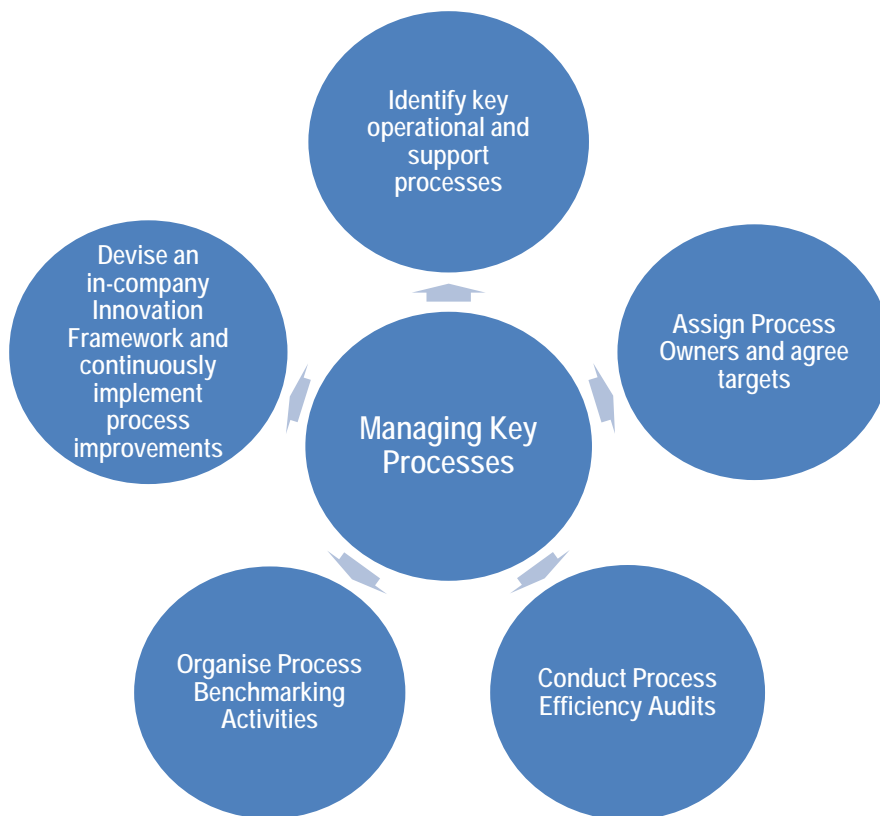
One way of visualising the required linkages between strategy and operations is via the Balanced Scorecard Management System developed by Kaplan and Norton an abridged version of which is illustrated here.



Adapted from The Balanced Scorecard Management System (Kaplan & Norton)

2. Managing Key Processes

In seeking to address some strategic concerns in relation to how you manage your key processes, it is worth reflecting upon the issue across a number of important dimensions:



It is not perhaps a question of whether you already do any of the above, because you couldn't operate a business without doing so, but it is a matter of whether you are currently driving the greatest efficiencies across all your processes.

Leading this effort requires you, and others in the business, to step back, diagnose and analyse your processes, then streamline them and make things more effective. Naturally, it may well

be others in the business that do the heavy lifting here, but you need to set the parameters for what outcomes you want from process management and at all times take a leadership role in this activity.

The purpose of the guide is to help you define those parameters, and through a series of short reflection exercises, to provide you with some insights into how you might manage your key processes for greatest effect.

2. 1 Identify Key Operational and Support Processes

One of the first questions that likely arise here is what is a process? And there are many definitions out there, a lot quite complex, but in seeking to keep things relatively straightforward, a process can be described as

'an inter-linked and often logically sequenced set of work activities which translate inputs into outputs in order to deliver something of value for the business and/or the customer'

This may well be a very broad definition but it indicates that when talking about a process you are relating to something that has the following characteristics:

Adds value – processes deliver outputs, and those outputs make a difference in a tangible way either to those within the business, or to its customers.

End-user – the outputs from processes have a defined client or customer, and once again they can be internal or external to the organisation.

Substantial – processes entail a collection of ongoing work activities and tasks which are interdependent and the sum of those activities has a major impact on how the business performs. Remove an activity within a process and the business will suffer but can survive, remove a process and the business simply cannot function.

Measurable – the outputs from a process are measurable in some way.

The nature of your key processes will naturally depend upon the type of business you operate but generally all tourism businesses have similar processes; it's a matter of scale and size in terms of the application of those

processes that is the real differentiator between businesses. As you begin to explore how to better manage your processes, a logical starting point is to be very clear as to what they are; in doing so, it's important not to make this too complicated an exercise and although there are again many ways to categorise your processes, a simple approach is to gather your processes under headings such as:

Core Processes – these are the critical and business-wide processes that are fundamental to how you plan and manage the business, and may include:

- ❑ Leadership
- ❑ Finance
- ❑ Marketing
- ❑ Human Resources
- ❑ Innovation
- ❑ Quality/CRM

Often we think of the above as functions, but really they are processes in their own right and regardless of the nature of your business, you simply cannot achieve your business goals without optimising these processes.

Operational Processes – these will vary by business type, but in a tourism context will likely include:

- ❑ Front Office
- ❑ Food and Beverage Service
- ❑ Food Production
- ❑ Accommodation
- ❑ Leisure
- ❑ Meetings and Events

Supporting Processes – there will also be a range of supporting processes that help the business to run smoothly and these may include:

- ❑ Administration
- ❑ Purchasing
- ❑ Information technology
- ❑ Environmental management

The above is not an exhaustive list of processes and there are many other ways to categorise them including *Primary* (those that are vital to achieving your goals) and *Secondary* (those that are less important), but

don't get too bogged down on the classification issue.

For each process you identify, you will understand that contained within it are a range of sub-processes which in turn can be further broken down into activities and individual tasks or steps.

When you begin to view what you do in your business as comprising a set of interdependent processes, you can quickly see the challenge in ensuring that all these processes are operating as efficiently as possible and fully aligned to your strategic goals.

Activity 1 – Identify your Key Operational and Support Processes

Think about the following:

1. List your strategic business goals.
2. Now, take each goal individually and list the range of measures that you use to track your progress towards that goal: include all the financial and non-financial measures you currently use.
3. For each measure, or set of measures, think about what processes are vital in terms of achieving those measures/targets. This will give you a list of really key processes.
4. For each of those key processes you identified, think of what other processes contribute to making them work effectively?

By working through steps 1 – 4, taking a key strategic goal at a time as a start point, you will build up a picture of all the processes involved and you will also quickly see just how inter-dependent they all are.

Here's an example of how Steps 1-4 might work for you, using one goal:

1. List your strategic business goals: *To increase net profit by 5% within two years.*
2. List the range of measures that you use to track your progress towards that goal: *Sales Revenue, Net Profit %, Labour Cost %, Overheads % etc.*
3. What processes are vital in terms of achieving those measures/targets? *Marketing and Financial Management.*
4. What other processes contribute to making them work effectively? *Information Technology, Quality Management, Leadership.*

2. 2 Assign Process Owners & Agree Targets

Immediately two important issues arise here: first, when some managers see that they are being asked to 'assign ownership' to a process they feel it is a very black and white issue: it's the relevant manager who is the owner, isn't it? And in most cases, yes it will be so, for example the marketing manager will own the marketing process and so on.

But there will be other processes for which the ownership issue is less clear such as leadership, innovation, environmental management, quality and so on. Every process must have an owner otherwise it does not get the attention it deserves.

The second issue that arises here relates to exactly what process 'ownership' entails. This is a big issue and too often in tourism, managers do not really own their processes but manage them, whereby they are really implementers of the decisions of others as opposed to truly driving that process forward; managing processes effectively means, over time, getting more from your managers.

Process ownership is about taking full responsibility and accountability for the performance of, and the outcomes delivered by, the process in question and includes:

- ❑ Understanding how the process links with the business goals and strategy.
- ❑ Defining the needs and expectations of process end-users.
- ❑ Setting targets for the performance of the process which are in line with the business goals.
- ❑ Ensuring that the process is clearly defined and then 'mapped' out.
- ❑ Working with employees and other stakeholders to define potential improvements to the process which meet end-user needs but do so by delivering maximum efficiency and quality.
- ❑ Making the business case to senior management when additional resources are required to improve the process, and outlining the returns to be generated if the resources are forthcoming.
- ❑ Implementing improvements to the process on a continuous basis.
- ❑ Monitoring the performance of the process against the targets set and tracking the impact of improvements.

This is a significant step up from what many managers do today, and of course taking ownership at this level will not happen overnight, but over time the goal of managing processes should be to develop the people as well as the process and just as you demand more from a particular process, you are demanding more from its owner. The manager in question will in turn expect more from his or her team members in terms of being fully engaged, defining improvements, and supporting the implementation of change. Of course, not only will such a transition take time, but it requires people development and support too.

Activity 2 – Assign Process Owners

Based on the full list of processes that you came up with in Activity 1, now assign a process owner to each.

2. 3 Conduct Process Efficiency Audits

The goal of process management is to continuously drive improvements (often minor) in all processes and the collective impact of that effort will result in significant improvements in overall business performance and ultimately in profitability.

To generate those efficiencies however involves breaking down each process into its constituent sub-processes, activities and tasks/steps, so as to pinpoint where improvements can be made. This 'auditing' process entails:

- ! Agreeing the process owners.
- ! Defining the end-users and clients for the process and their needs and expectations in terms of outputs from that process.
- ! Defining the inputs into the process - inputs can be data, materials, resources, knowledge, people etc. and are required by the process to produce its outputs.
- ! Ensuring that the quality of those inputs is sufficient to deliver the expected outputs from the process.
- ! Identifying what internal and external resources are critical to make the process work to its optimum efficiency.
- ! Breaking down the process into sub-processes, activities and tasks/steps.
- ! Continuously determining where efficiencies or improvements may be generated and implementing those changes.
- ! Identifying performance measures to monitor the effectiveness of the process and track the impact of improvements.

Although applying these auditing steps to all your processes takes time, it doesn't need to be a daunting task and each process owner - along with his/her team - will be responsible for managing the audit process in relation to their specific process.

Although the auditing of non-operational processes follows a similar format, it can be more difficult at times in that certain business-wide processes, such as quality management for example, can be less defined.

For operational process owners, a separate guide on [Operational Efficiency Audit](#) can be found at Business Tools

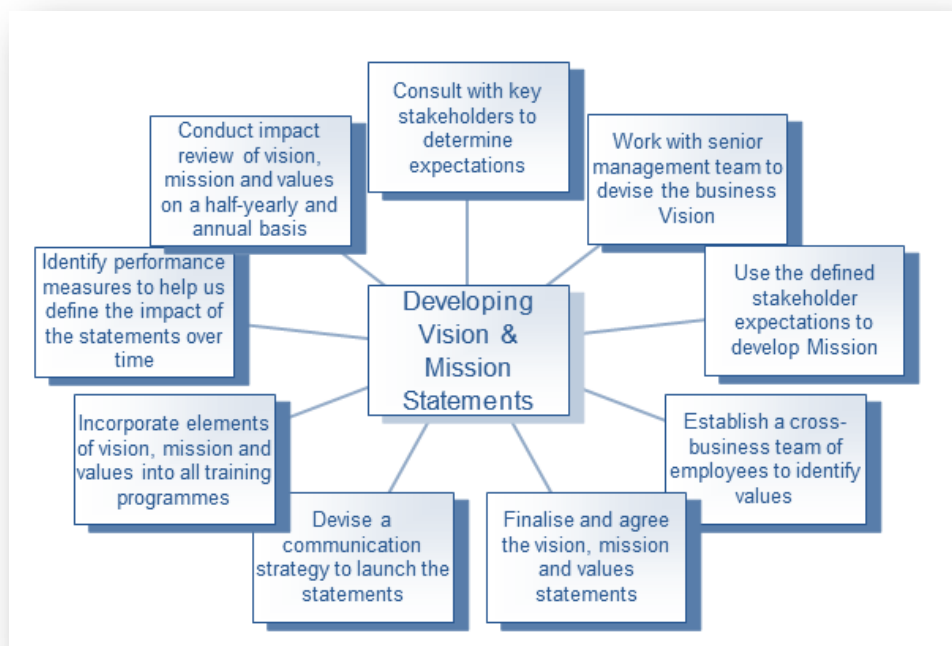
However, it is still possible to build process maps and as a basic example to guide you here, let's take Leadership as a process and see what that might look like when mapped.

As a starting point, Leadership as a process can be broken down into these broad sub-processes:



Very quickly you can see that leading the organisation is a complex undertaking and one of the advantages of the mapping process is that it immediately brings home the complexity of each process. You will find that even your experienced operational managers will feel the same when, working with their teams, they begin to map out their process; although it is something they may have been doing for many years, the many 'layers' within a process will still surprise them.

Each of the sub-processes now needs to be further broken down and taking one of the above sub-processes, 'Developing Vision and Mission Statement', this might divide into key activities such as:



Taking the first key activity above, 'Consult with key stakeholders to determine expectations' this again might further break down into tasks/steps such as:

- ❑ Identify key stakeholder groups.
- ❑ Assemble focus groups of stakeholders within each group.
- ❑ Determine questions to be explored at the focus groups.
- ❑ Organise logistics and conduct survey.
- ❑ Assemble and analyse feedback.

By breaking down a process into its constituent parts you develop a better understanding of that process, its value to the business, but more importantly by honing in on specific elements of that process you can define where improvements can be made; in other words, you cannot improve a process *per-se*, what you can do is improve its constituent parts and that in turn is what improves the process.

Activity 3 – Undertake a process efficiency audit

Select one of the non-operational processes such as Innovation or Quality Management and begin to map out that process as per the example above.

1. Define the main sub-processes within it.
2. For each sub-process, identify the key activities within it.
3. For each activity, list the main tasks/steps involved.

When you have developed the full map, reflect on where you might immediately spot opportunities for improvement – no matter how minor – to elements of the process you selected for mapping.

2. 4 Organise Process Benchmarking Activities

Process Benchmarking is a planned activity whereby you pick a particular business process, let's say Innovation, and seek to learn how the best in the industry – and beyond – manage that particular process. It involves key steps such as:

- ❑ Identifying a key process that you wish to improve.
- ❑ Determining what aspect of the process you wish to focus upon (which sub-processes?).
- ❑ Identify a similar type/scale business or organisation that excels in the process.
- ❑ Contacting the organisation that you wish to benchmark against; arranging to visit them, and studying the process or activity.

- ❑ Analysing the results and learning the lessons.
- ❑ Improving the critical process in your business.
- ❑ Measuring and monitoring the impact.

Process benchmarking means building relationships with best in class (at that process) companies, on-site visits to learn how they do it so well, and *adapting not adopting* what they do to fit your business.

It requires planning, organisation, financial resources and significant effort to conduct meaningful process benchmarking, but it delivers returns in terms of finding better ways of doing things.

Activity 4 – Review your current approach to Process Benchmarking

Read the separate guide on [Process Benchmarking](#).

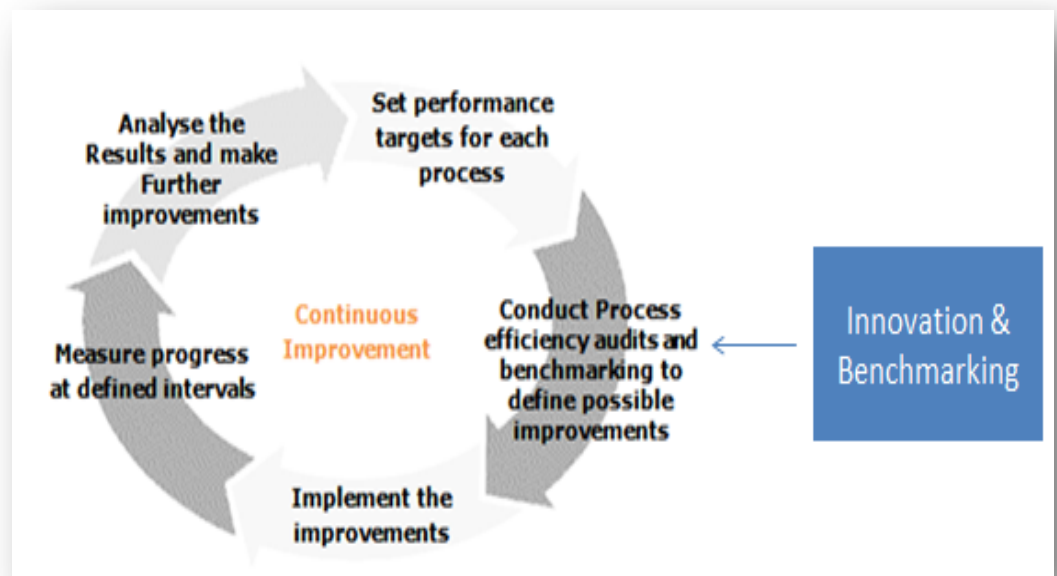
2. 5 Devise an In-Company Innovation Framework & Continuously Implement Process Improvements

Although innovation is a stand-alone process in its own right, managing processes with a view to improving them requires a continuous flow of innovation and new ideas. When process owners and their teams begin to audit their processes, they will need to find ideas and suggestions as to how they can improve the various elements of any given process. Some of those ideas can come from activities such as the process benchmarking mentioned above, but you must also ensure that

there is an effective internal framework within your business to manage innovation which generates new ideas or suggestions as to how things can be improved.

Continuous improvement simply means ensuring that all processes are being enhanced on an ongoing basis based on clear measurement of impact.

The following framework summarises what's involved:



Activity 5 – Review your current approach to Innovation and Continuous Improvement

Read the separate guide on [Managing Innovation](#).

3. Conclusion

The purpose of this guide was to highlight some of the priority factors that you must consider from a strategic perspective when managing processes within your business. The reflection activities will hopefully have indicated specific areas where you might need to strengthen, or revise your existing approach and doing so is always worthwhile because any improvements - no matter how minor - you make in the various themes addressed here will have a positive impact on business performance.



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Fáilte Ireland
88-95 Amiens Street
Dublin 1

www.failteireland.ie

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