

**SETTING PRIORITIES TO ACHIEVE  
QUICK WINS AND THE BEST ROI**  
**5<sup>TH</sup> BUSINESS PROCESS RE-ENGINEERING  
COURSE, TORONTO, FEB 25, 26**

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# **INTRODUCTIONS**



# Chris Introduction

- ❑ Founder of HMS Software; publishers of TimeControl, a project-based timesheet system
- ❑ Over 28 years experience in project and timesheet systems
- ❑ Author of the [EPMGuidance.com](http://EPMGuidance.com) blog
- ❑ Teaches Advanced Project Management at McGill University
- ❑ Writing has appeared in:
  - ❑ Fortune Magazine, American Management Association's Project Management handbook, PMI's PMNetwork, Microsoft's TechNet, Computing Canada, and PM Times magazines.

# HMS Introduction

- 1984** HMS Software founded. First project: automating the project office at Philips Information Systems and creating a project timesheet
- 1994** HMS releases TimeControl 1.0
- 1995** TimeControl published with links to Microsoft Project
- 1997** HMS becomes a Primavera Technology Alliance Partner
- 1997** HMS releases TimeControl 3.0 as a client/server product
- 1999** HMS releases first web timesheet interface for TimeControl
- 2001** HMS releases TimeControl 4.0, a full web-based version
- 2005** HMS becomes a Microsoft Gold Certified Partner
- 2007** HMS releases TimeControl Industrial 4.7
- 2010** HMS becomes Oracle Gold Partner
- 2010** HMS releases TimeControl 6.0
- 2011** HMS releases TimeControl Mobile
- 2012** HMS releases TimeControlOnline – Hosted TimeControl in the Cloud

# Goals for this session

- ❑ Discover best practices in selecting and prioritizing process improvements
- ❑ Learn how to incorporating value-added analysis into your assessment
- ❑ Determine how to gauge the strategic value of process redesign options
- ❑ Discover how to identify the options that deliver the greatest competitive advantage
- ❑ Learn how to define metrics for demonstrating improved process capabilities

# Agenda

- ❑ What is BPR prioritization?
- ❑ Designing a process prioritization environment
- ❑ Stage Gating
- ❑ Barriers
- ❑ Wrapping up



# **WHAT IS BRP PRIORITIZATION?**



# Best Practices

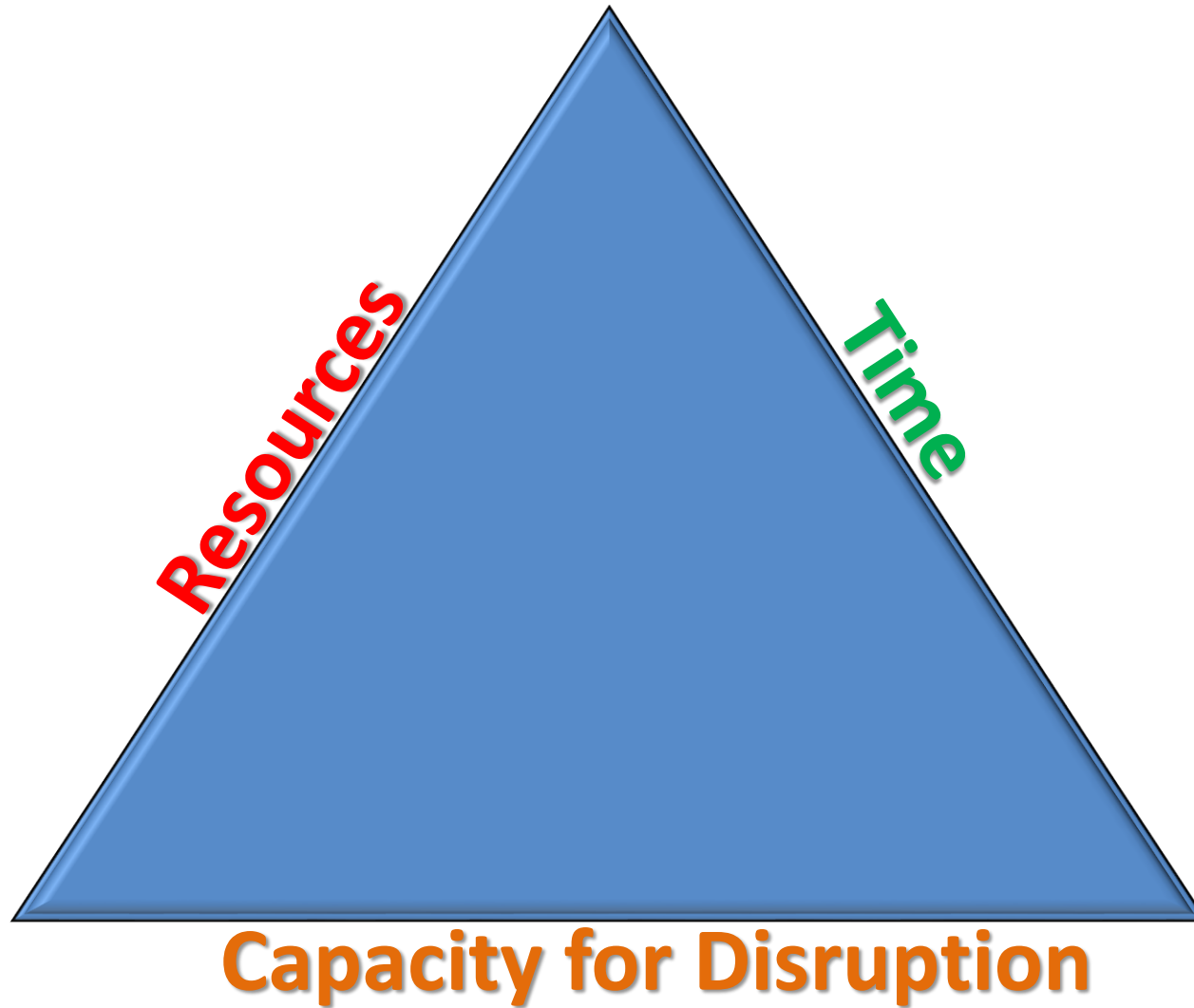
- ❑ Let's start by talking worst practices
  - ❑ New managers who want to change everything without thinking of the impact
  - ❑ Changing processes without sufficiently determining if they need change
  - ❑ Changing processes again without letting changes settle and determining the effect of the change



# Change causes upset

- ❑ Business Process Reengineering is disruptive and once a change is complete, it takes time to settle
- ❑ There is a limited capacity in an organization to institute change and continue to operate

# Project Constraints



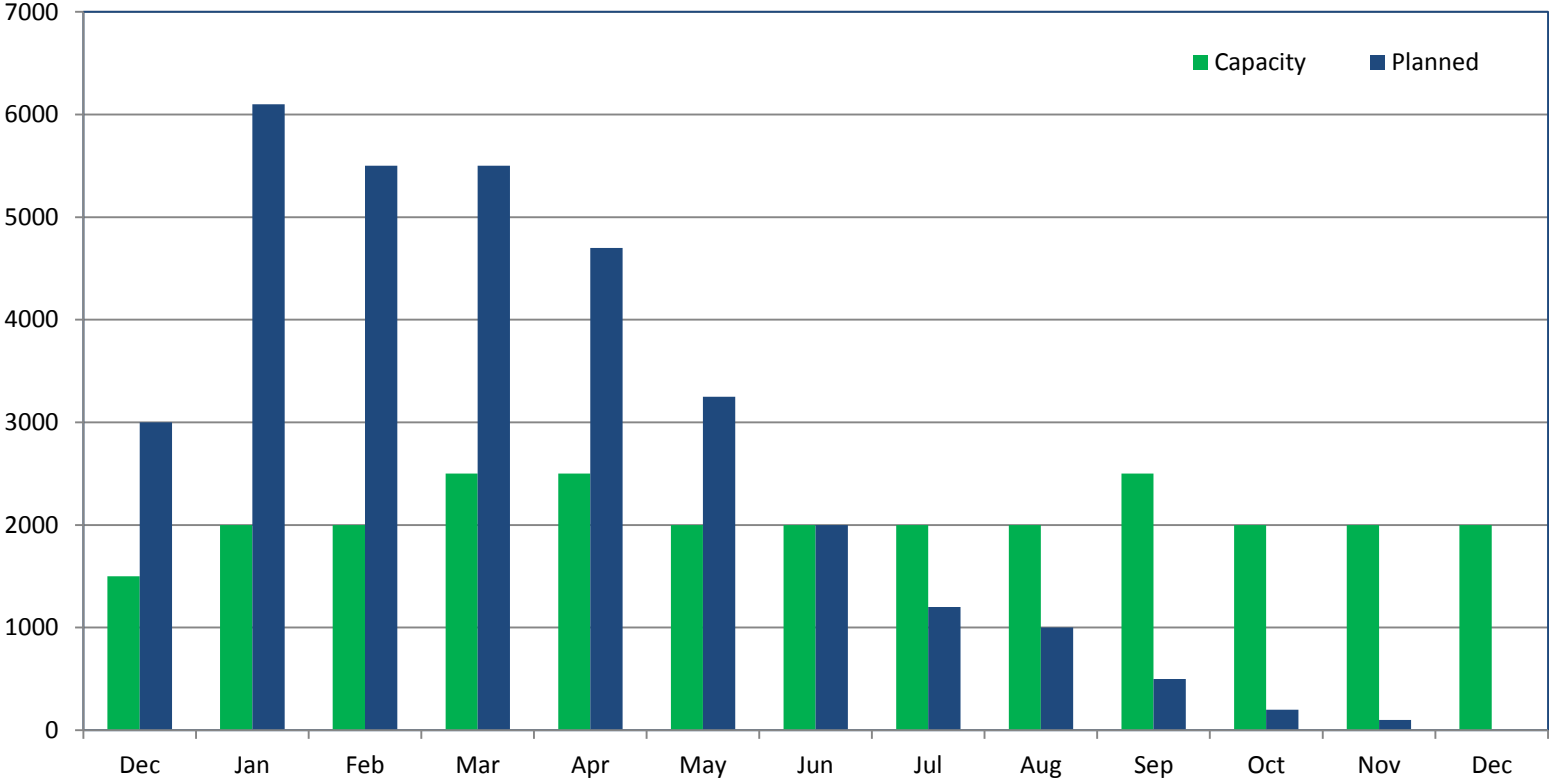
# Project vs Process Prioritization

- In project management we tend to prioritize only on the basis of project cost.
- In BPR we tend to prioritize only on the basis of benefit once the change will be complete
- Neither is correct.
- The goal of BPR prioritization is to maximize our ROI while minimizing collateral damage

# BRP Prioritization

- ❑ “When process initiatives are assessed only as a narrative, prioritization becomes a battle of stories”.
  
- ❑ The result is that:
  - ❑ All process improvements are listed as priority 1
  - ❑ Any other prioritization is done on an ad-hoc basis
  
- ❑ The goal: “Find a process that breaks ties”

# Non-prioritized BPR projects



As of Feb 1, 2010



# **DESIGNING A PROCESS IMPROVEMENT PRIORITIZATION ENVIRONMENT**

# The BPR Prioritization Process

- ❑ Identify the Business Drivers
- ❑ Develop questionnaires for measurement in each category
- ❑ Determine the inter-driver impact through “Pairwise Comparison”
- ❑ Assess answers for the questionnaire for each project
- ❑ Calculate priorities based on the questionnaire answers
- ❑ Prioritize a summary schedule based on the priority listing and identify which projects would be done first based on the priority and which will not be accomplished based on limited resources
- ❑ Review the results and force projects into the priority list where required with the understanding that other projects would then not be completed.



# Business Drivers vs KPI's

- ❑ **Business Drivers** are short sharp statements that express the shared focus of the organization in actionable terms.
- ❑ **Key Performance Indicators** are Measurements of past performance that empower management to action when results are not occurring as expected.
- ❑ New Project initiatives are based on Business Drivers

# Rules for Business Drivers

- ❑ Choose 4 to 8 business drivers
- ❑ Have the drivers align to goals that are recognizable by all of management
- ❑ Include relevant managers in the selection and relevance of the business drivers (These are the same managers who are requesting projects)
- ❑ Look to your mission statement, strategic goals, current business challenges, global or regional initiatives to find business drivers

# Business Driver Characteristics

- Business Drivers should be:
  - Measureable
  - Action oriented
  - Unique
  - Leveled
  - Attainable
  - Clear to all decision makers

# Business Driver Examples

- Become more efficient ← Actionable?
- Replace ERP system ← Driver or Project?
- Enhance Finance environment
- Decrease age of contractor payables
- Pay contractors more quickly ← Duplicate
- Eliminate costs ← Not Attainable
- Increase employee satisfaction and productivity ← 2 Drivers
- Implement change management
- Improve service delivery

# Business Driver Matrix Pairwise

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy
Improve Market Share		Market Share is strongly more important than Customer	Market Share is strongly more important than Project Risk	Market Share is moderately more important than Strategic
Improves customer satisfaction			Customer Satisfaction is equal to Project Risk	Customer Satisfaction is moderately less important
Project Risk				Project Risk is moderately less important than Strategic
Alignment to Strategy				

**Improve Market Share** Increase market share by 10%

**Improve customer satisfaction** Increase overall customer satisfaction by 10% as measured by the quarterly customer satisfaction survey

**Project Risk** Exposure to project risk as assessed in our project risk matrix scoreboard

**Alignment to strategy** Degree of alignment to one of the 4 key strategic goals as published by the board of directors for this year

# Business Driver Matrix Pairwise scores

	Improve Market Share	Improves customer satisfaction	Project Risk	Alignment to Strategy	Alignment to Strategy
Improve Market Share		9	9	3	21
Improves customer satisfaction	0.111		1	0.111	1.222
Project Risk	0.111	1		0.33	1.441
Alignment to Strategy	0.33	9	3		12.33

$1 / 9 = .111$

$1 / 3 = .33$

# Pairwise comparison values

Description	Score
Strongly more important than	9
Moderately more important than	3
Equal to	1
Moderately less important than	0.33
Strongly less important than	0.111



# Driver Matrix Scores

Driver Matrix				
	Weighting		Project 1	Project 2
	Total Score	In Percent		
Improve Market Share	21	59	0	1
Improves Customer Satisfaction	1.22	3	0	1
Project Risk	0.771	2	4	3
Alignment to Strategy	12.33	35	0	1
<b>Total:</b>	<b>35.321</b>	<b>100%</b>	<b>8.0</b>	<b>103.0</b>

# Real World example of questionnaire

Compliance	Extreme threat	Threat to the institution's existence or major criminal or civil liability
	Strong threat	Threat to the institution's reputation
	Moderate threat	Threat to operational requirements
	Weak threat	Threat of minor sanctions
	No threat	Does not affect Compliance
Strategic Need	Extreme Benefit	Strategic objective cannot be performed without this project
	Strong Benefit	Strategic objective would be significantly advanced
	Moderate Benefit	Strategic objective would be advanced
	Weak Benefit	Strategic objective would be slightly advanced
	No Strategic Benefit	There is no strategic benefit
Operational Business Need	Extreme Benefit	Function cannot be performed without this project
	Strong Benefit	Operational efficiency and/or quality would be significantly improved
	Moderate Benefit	Operational efficiency and/or quality would be improved
	Weak Benefit	Operational efficiency and/or quality would be slightly improved
	No Business Benefit	There is no operational business benefit
Risk	No Risk	Risk is not a factor in this project
	Minimal risk	There are minimal risks to this project
	Some unknowns	This project has some unknowns. There is a slight probability this project will be over time and over budget
	Skills unavailable	The skills required to complete this project are weak or unavailable internally. There is a significant probability this project will be over time and over budget
	Extreme risk	There are many unknowns of technology and/or architecture. There is a significant probability this project will not be successful
Number of Stakeholders	All	Affects every stakeholder in the institution
	More than 10,000	Affects more than 10,000 stakeholders
	More than 5,000	Affects more than 5,000 stakeholders
	More than 1,500	Affects more than 1,500 stakeholders
	Less than 1,500	Affects less than 1,500 stakeholders

# Constraints

- ✓ Resource capacity
- ✓ Key skill capacity
- ✓ Capacity for disruption
- ✓ Time
- ✓ Market forces
- ✓ Legal/Government compliance
- ✓ Opportunity cost

# Resource Capacity

- ✓ Money
- ✓ People
- ✓ Space
- ✓ Technical (e.g. computer systems)

# BPR Project Questionnaire

- Create multiple choice answers for fundamental questions to determine the impact of each project on each project driver:
  - Extreme
  - Strong
  - Moderate
  - Low
  - None

# Driver Questionnaire Examples

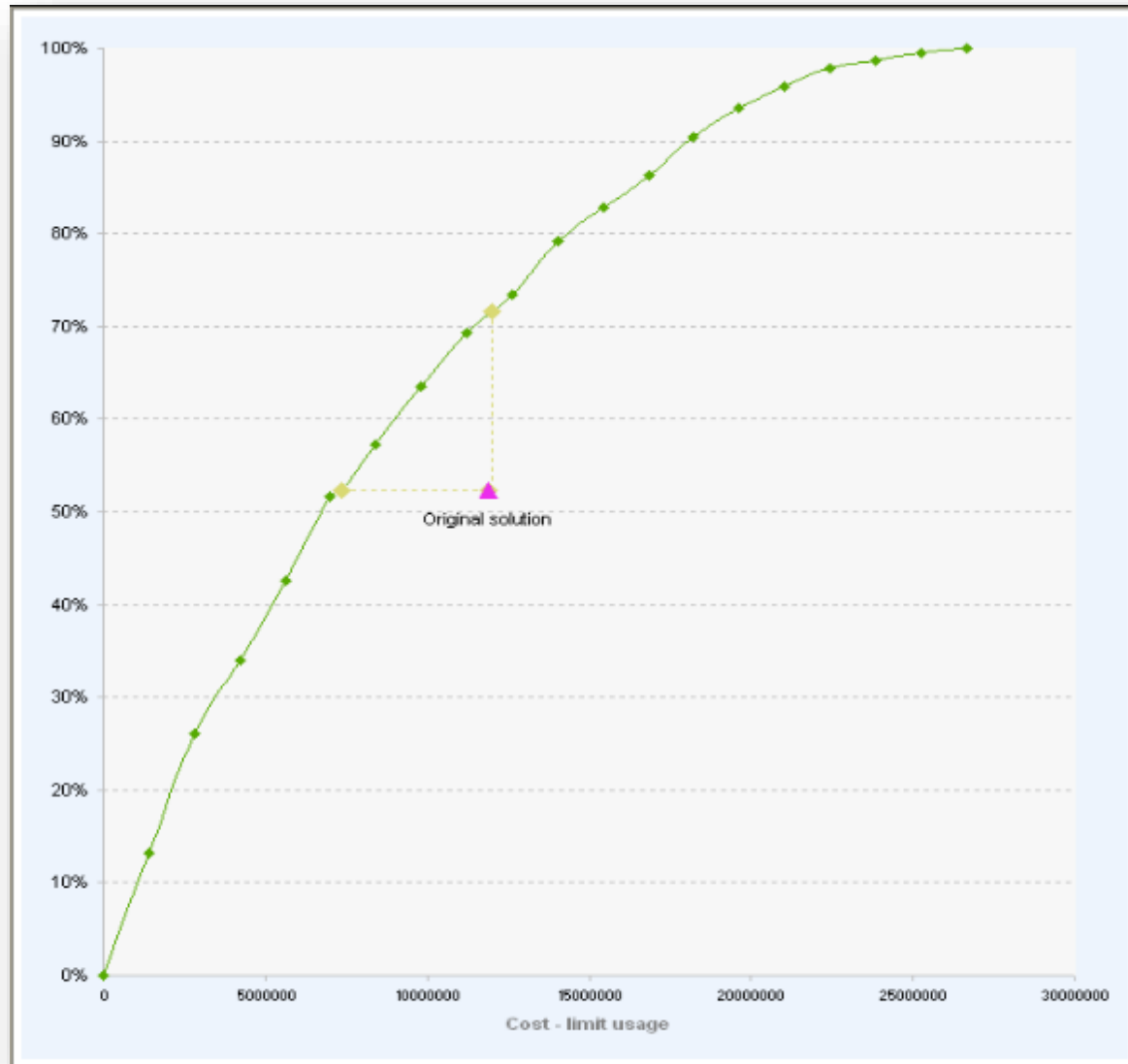
Business Drivers	An initiative's impact on this driver is:
Enhance Quality of Products and Services	<p><b>Extreme</b> – if it increases business partner satisfaction by <math>\geq 3\%</math></p> <p><b>Strong</b> – if it increases business partner satisfaction by <math>\geq 2\%</math></p> <p><b>Moderate</b> – if it increases business partner satisfaction by <math>\geq 1\%</math></p> <p><b>Low</b> - if it increases business partner satisfaction by <math>&lt; 1\%</math></p>
Improve Accuracy of Core Processes	<p><b>Extreme</b> – if it improves FCI <b>and</b> DPMO by 33% on one process or 8% across all processes</p> <p><b>Strong</b> – if it improves FCI <b>or</b> DPMO by 33% on one process or 8% across all processes</p> <p><b>Moderate</b> – if it improves FCI or DPMO by 16% on one process or 4% across all processes</p> <p><b>Low</b> - if it contributes to improve FCI or DPMO on one or more processes</p>
Reduce Cycle Time for Key Processes	<p><b>Extreme</b> – if it improves cycle time by 25% in one process or avg. of 7% across multiple processes</p> <p><b>Strong</b> – if it improves cycle time by 13% in one process or avg. of 4% across multiple processes</p> <p><b>Moderate</b> – if it improves cycle time by 7% in one process or avg. of 2% across multiple processes</p> <p><b>Low</b> - if it contributes to improve cycle time in one or more processes</p>
Effectively Manage Operational Risk	<p><b>Extreme</b> – if it improves operational risk stability by <math>\geq 2\%</math></p> <p><b>Strong</b> – if it improves operational risk stability by <math>\geq 1\%</math></p> <p><b>Moderate</b> – if it improves operational risk stability by <math>\geq .5\%</math></p> <p><b>Low</b> - if it improves operational risk stability by <math>&lt; .5\%</math></p>
Enhance Transparency of Products and Services	<p><b>Extreme</b> – if it increases transparency score in business partner satisfaction by <math>\geq 3\%</math> -</p> <p><b>Strong</b> – if it increases transparency score in business partner satisfaction by <math>\geq 2\%</math></p> <p><b>Moderate</b> – if it increases transparency score in business partner satisfaction by <math>\geq 1\%</math></p> <p><b>Low</b> - if it increases transparency score in business partner satisfaction by <math>&lt; 1\%</math></p>
Reduce Cost of Operations	<p><b>Extreme</b> – if it reduces ongoing expense by <math>\geq \\$10\text{MM}</math></p> <p><b>Strong</b> – if it reduces ongoing expense by <math>\geq \\$5\text{MM}</math></p> <p><b>Moderate</b> – if it reduces ongoing expense by <math>\geq \\$3\text{MM}</math></p> <p><b>Low</b> - if it reduces ongoing expense by <math>&lt; \\$3\text{MM}</math></p>
Create Opportunities for New Revenue	<p><b>Extreme</b> – if it provides revenue growth opportunities for 4 or more bus. partners</p> <p><b>Strong</b> – if it provides revenue growth opportunities for 3 or more bus. partners</p> <p><b>Moderate</b> – if it provides revenue growth opportunities for 2 or more bus. Partners</p> <p><b>Low</b> - if it provides revenue growth opportunities for 1 or more bus. Partners</p>
Improve Associate Satisfaction	<p><b>Extreme</b> – if it reduces turnover by <math>\geq 1.35\%</math> and increases associate satisfaction by <math>\geq 1\%</math></p> <p><b>Strong</b> – if it reduces turnover by <math>\geq 1.35\%</math> or increases associate satisfaction by <math>\geq 1\%</math></p> <p><b>Moderate</b> – if it reduces turnover by <math>\geq .7\%</math> or increases associate satisfaction by <math>\geq .5\%</math></p> <p><b>Low</b> - if it contributes to reducing turnover or increasing associate satisfaction</p>

# BPR Project Priority worksheet

BPR Project Priority List							
Project Name	Compliance	Strategic Need	Operational Business Need	Risk	Number of Stakeholders	In/Out	Project Score
Improve Invoicing Process	Extreme threat	Strong Benefit	Extreme Benefit	Some unknowns	All	In	352.00
Replace ERP system and update all processes	Moderate threat	Weak Benefit	Strong Benefit	Skills unavailable	All	In	182.00
Implement CRM procedure	Moderate threat	Moderate Benefit	Moderate Benefit	Minimal risk	All	In	212.00
Implement electronic document storage	Moderate threat	Weak Benefit	Moderate Benefit	No Risk	All	In	200.00
Automate customer complaint process	Strong threat	No Strategic Benefit	Moderate Benefit	Some unknowns	All	In	198.00
Update safety protocols	Moderate threat	Moderate Benefit	Strong Benefit	Minimal risk	More than 10,000	In	184.00
Review and consider changing auditors	Strong threat	Weak Benefit	Weak Benefit	Minimal risk	More than 10,000	In	172.80
Update funding approval process	Weak threat	Moderate Benefit	Moderate Benefit	Minimal risk	All	In	166.00
Improve technical support response mechanism	Strong threat	Extreme Benefit	Extreme Benefit	Some unknowns	More than 5,000	In	165.00
Update hiring practices for legal compliance	Moderate threat	Weak Benefit	Strong Benefit	Minimal risk	More than 10,000	In	164.80
Update purchasing for software / subscriptions	Moderate threat	Strong Benefit	Moderate Benefit	Extreme risk	More than 10,000	In	160.00
Automate travel expense reimbursement process	No threat	Moderate Benefit	Extreme Benefit	Some unknowns	All	In	144.00



# Projects within your capacity



# Can you cancel a BPR project?

- If you are incapable of pausing or cancelling a project, then prioritizing serves little value
- Because you can do a project, should you do it?
- Because you've started it, must you complete it?

# When the Horse Dies: Dismount!



# Beating a Dead Horse

Tribal wisdom says that when you discover you are riding a dead horse, the best strategy is to dismount. However, project managers sometimes try some of the following ideas they:

- Change riders
- Buy a bigger whip
- Rename the horse
- Stay very quiet while on the dead horse and hope no one notices
- Send the rider for additional training
- Outsource the riding of horses
- Harness two or more dead horses together to see if the cart will go any faster
- Automate the dead horse to see if software can make it ride faster
- Add funding to increase riding performance
- Reclassify the horse as “living impaired”

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# **BARRIERS**

# So... we're done... right?

- Sorry, no.
- Just because you know how to create a BPR project prioritization process doesn't mean it will be adopted with open arms by everyone
- There are still barriers to overcome

# Nature's barriers to sharing

- ❑ Existing processes carry their own inertia or lack thereof. Some people may be reluctant to share key information for fear of being disenfranchised.
- ❑ As hard as it is to believe, management in some organizations may actually punish those who deliver bad news.



# Nature's barriers to prioritizing

- ❑ Even if they are not punished, management in some organizations may inundate the BPR process with concerns over their own projects and concerns.
- ❑ No manager wishes to make their project a second priority. Everyone thinks their work is the most important possible.

# Set the rules before the game starts

- ❑ Getting buy-in for a new procedure is much easier if we are talking theoretically.
- ❑ Try to avoid establishing these rules on the fly after BPR initiatives are underway
- ❑ The problem with changing prioritization rules while BPR initiatives are already underway is that the impact of changes may affect management who have pre-existing expectations

# Set Management's rules before they play

- ❑ If we talk about rules for prioritizing projects without discussing existing initiatives then there is a better chance of getting them accepted.
- ❑ If we just try to prioritize existing projects, the emotional attachment to moving a project to anything other than top priority makes the exercise almost impossible.

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# **WRAPPING UP**

# Hot tips to encourage prioritizing

- ❑ Set up the rules long before you try prioritizing live BPR projects
- ❑ Create a metric for determining what makes a high vs. low project – not a subjective opinion
- ❑ Define a referee for any desired exceptions before the process is implemented. Get agreement that the referee's word is final (“we don't argue balls and strikes”)
- ❑ Get senior management support early on. There are bound to be concerns as the process is implemented. Make sure you've got the backing you need before they arise.

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# For more information

EPMGuidance Blog: [www.epmguidance.com](http://www.epmguidance.com)

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