Your **big** project
Avoid the mistakes of others

Part 3

Process Mapping

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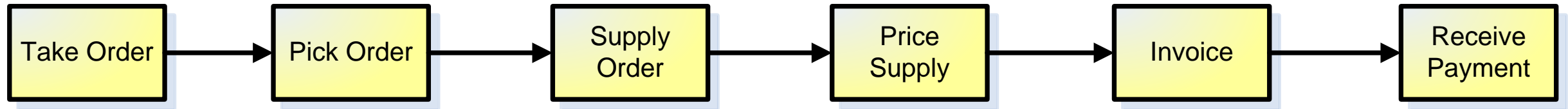# OK so I mentioned process maps as part of your Best Practice programme:

- **Understanding your processes** is key to improving the way your business operates

- **Reviewing your processes identifies sub-optimal practices**

- **You can compare** your ideal with today

- **They're essential** if you want to develop systems; especially ones to support Best Practice

OK so I mentioned process maps as part of your Best Practice programme:

- In my experience those projects that have had **detailed, robust, fully mapped processes have been the more successful projects**

- **The failure projects have been where people decided that there was no need to map their processes:**

  - Unnecessary – we all know our processes

  - We are already perfect

  - The team will be bored if you make them do that

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Lets look at a simple business process

- Taking an order to getting the money

|					
Take Order	Pick Order	Supply Order	Price Supply	Invoice	Receive Payment

It looks simple but **is it really as simple as that**?

There are often **multiple options and activities** at each stage!

Everything needs to be defined to develop a business that works!

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Talking Business from SFRD Services

Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Order Taking:**
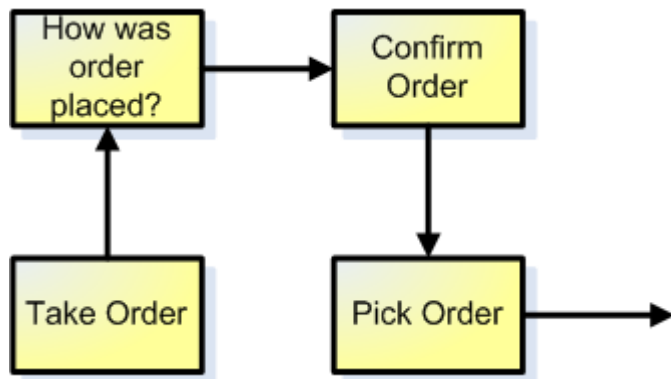
The complexities start with how you let people order:
- Internet – automated confirmation
- Email – possibly manual confirmation
- Fax – possibly manual fax back
- Telephone – read order back to customer
- At a service counter – verbal confirmation
- Through as sales person – letter / verbal / email?
- Snail mail – telephone call?
- Carrier pigeon …….

How was order placed? → Confirm Order → Pick Order →

Take Order → How was order placed?

Confirm Order → Pick Order

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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Picking:**
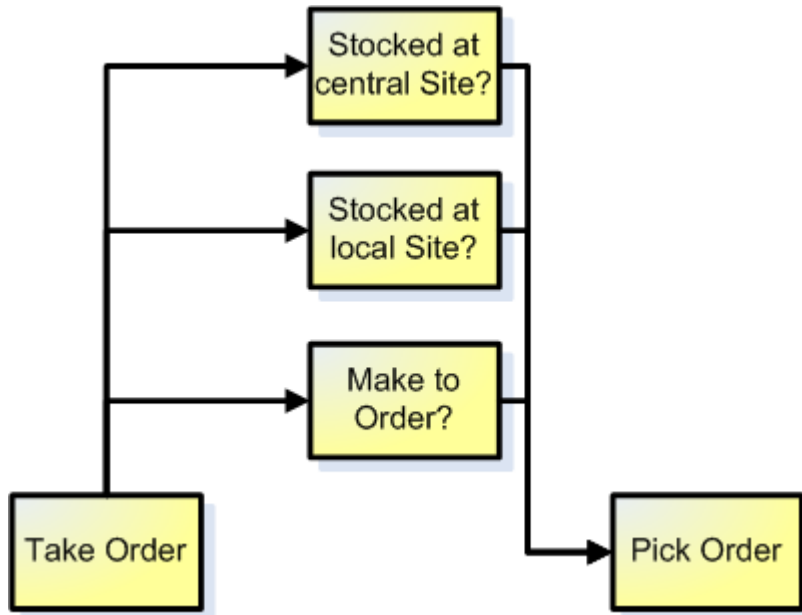
You'd have thought this might be easy.....:
- Stocked at the local delivery depot?
- Stocked at a central warehouse or distant delivery depot?
- Make to order – lead times?
- Stocked at collect centre?
- Stocked at agent?

All of these affect the customer's perception of the service you offer

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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Supply:**
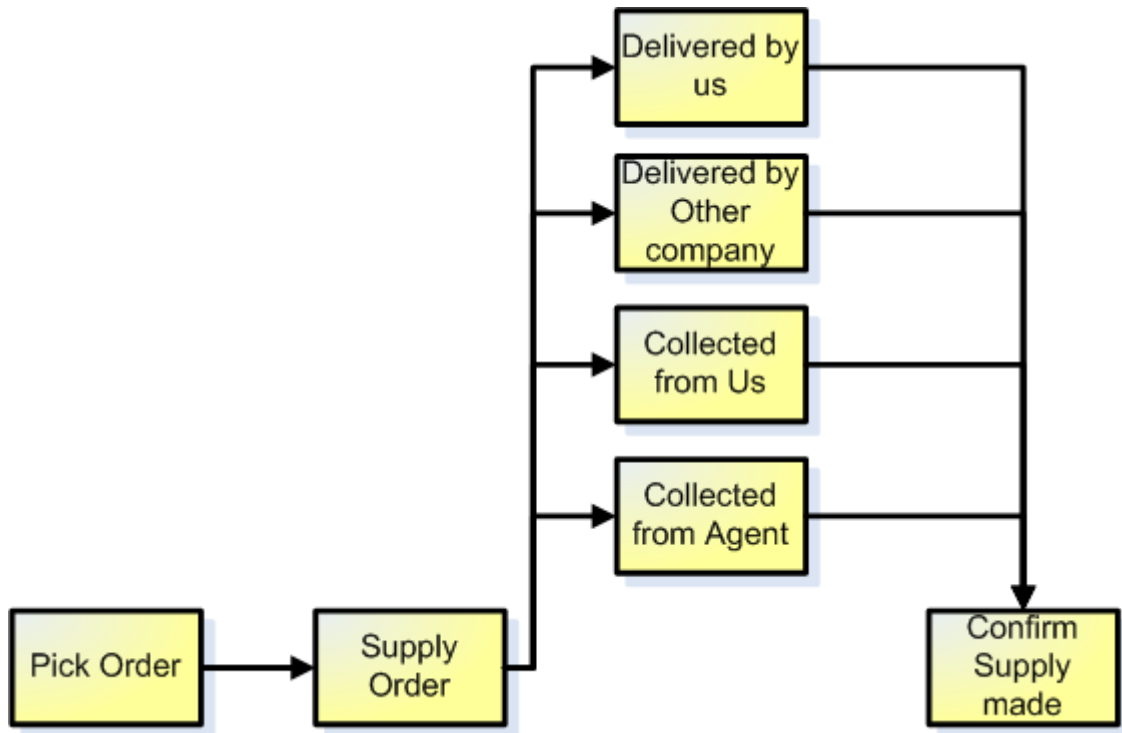
Now how does the customer receive the order?

- Do you deliver on your vehicle?
- Do you use a delivery company?
- Does the customer collect?
- Does some product go by post?

Once it has been delivered you have to 'confirm' that the supply has been made. Can this be done in different ways?

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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:
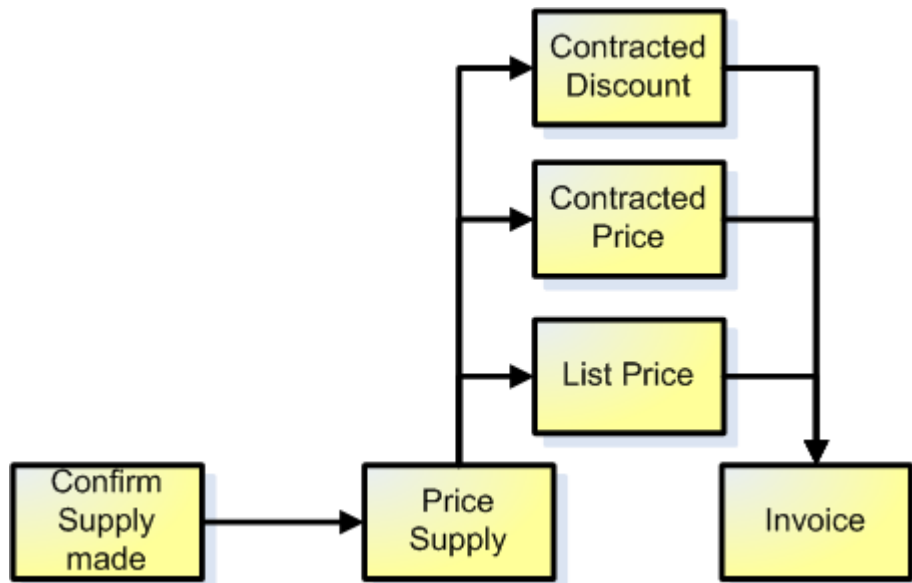
- **Pricing:**

  The complexities are everywhere:
  - Agreeing prices where necessary
  - Managing pricing
  - Applying pricing to transactions
  - Incentive pricing and surcharges
  - Marketing campaigns
  - Etc. etc

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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Pricing –** an area I know a little bit about**:**

Do you have a pricing agreement with the customer?
- **No** – then they'll pay List price - maybe with scale pricing – maybe geographic pricing .....
- **Yes**:
  - With a contract that states prices?
  - With a contract that states % or fixed value discount?
  - Is the price increase mechanism specified?
  - Maybe they just have a verbal agreement?

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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Pricing –** how did the price get set**?**
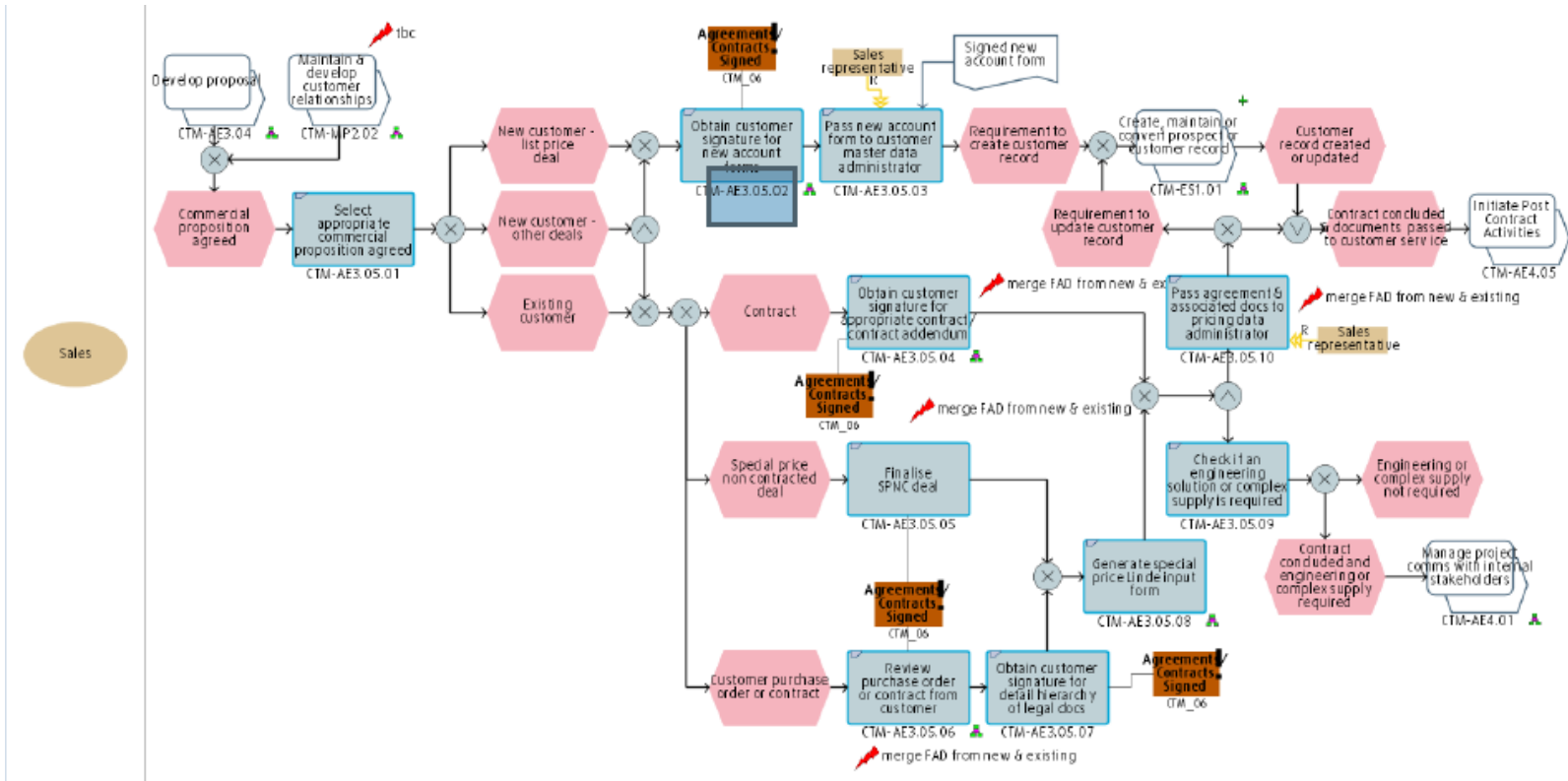
The process map on the left illustrates some of the questions that I asked on the previous slide – its starting to look complex!
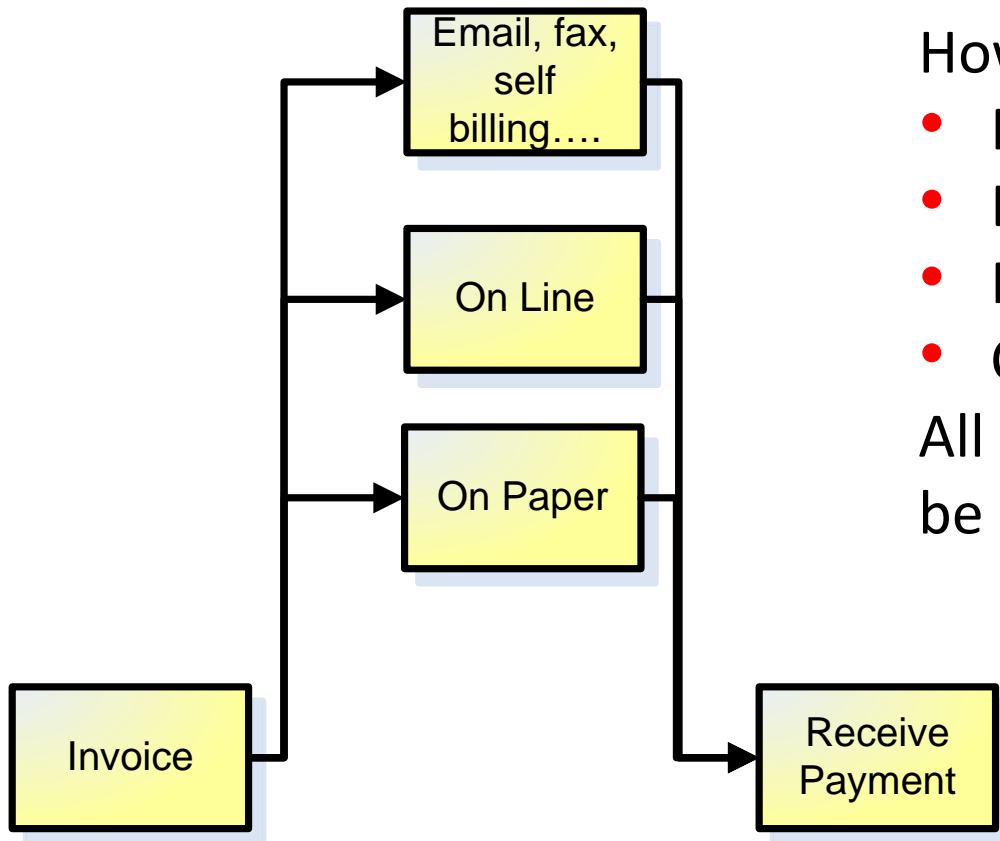
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Lets look at a simple business process

- Taking an order to getting the money… but really it isn't so simple:

- **Pricing –** now select the correct price for the customer

  - Do you have a pricing agreement with the customer?
    - **No** – then they'll pay List
    - **Yes –** the system has to select the correct pricing for the product supplied (there might be multiple agreements covering different product ranges)
  - Are there scale prices?
  - Are there geographic prices?
  - Are there any special surcharges?
    - Express / emergency delivery
    - Small order charge
    - Out of hours charge ……….

Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Getting Paid - invoice**

How is the invoice sent to the customer?
- Post?
- Email?
- Fax?
- Customer self billing?

All of these have different costs. Are there charges to be invoiced for the expensive methods?

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Lets look at a simple business process

In kind / barter

Bank Transfer

Direct Debit

Cash

Payment Card

Cheque

Receive Payment

- Taking an order to getting the money… but really it isn't so simple:

- **Getting Paid:**

There are so many ways that you can get paid and the costs associated with each are very different:
  - Cash and cheques tend to be the most expensive – bank plus in-house costs
  - Credit cards – though some are much cheaper than others
  - Debit cards
  - Direct Debit is often the cheapest

And… yes… I have seen payment in frozen 'battered' onion rings as that was the only asset the customer had! This was expensive to process!
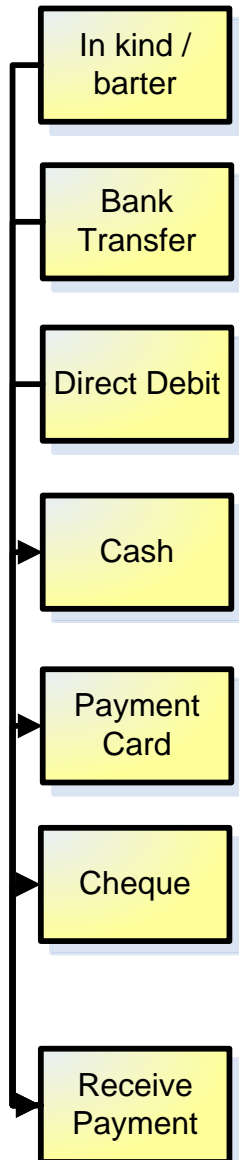
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Lets look at a simple business process

- Taking an order to getting the money... but really it isn't so simple:

- **Not Getting Paid:**

  There are many reasons why you may not get paid:
    - The customer finds a fault with your invoice
    - The customer is a 'cheating, lying, person of unspecified parentage' and never planned to pay
    - The customer only pays part and says they'll pay the rest later – never return the money they did pay!
    - The customer deducts an 'early settlement discount' even though you don't offer one
    - The customer (always) pays late

  You need a process for each circumstance **and**, where appropriate surcharges.

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Lets look at a simple business process

Taking an order to getting the money… but as you've seen it really it isn't as simple as:

| Take Order | → | Pick Order | → | Supply Order | → | Price Supply | → | Invoice | → | Receive Payment |
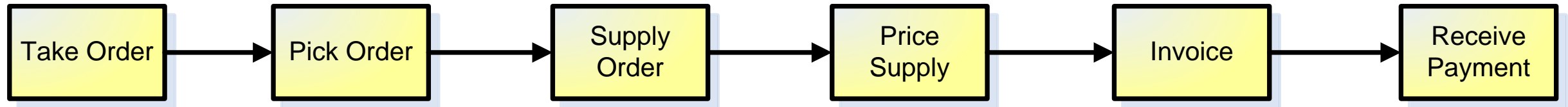
- We've looked at some alternatives, the Devil is in the detail
- You cannot be 'broad brush' with this – exact and full of detail is essential
- This describes you way of working **and** defines your system
- **This is an essential step**

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Those that ignore the need for process maps:

- Complacent – remember 'pride comes before a fall'

- JFDIs – they just don't get the idea – then they can't explain!

Process maps 'flesh out' the complexity of delivering the required solution and provide a framework to build from.

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