

BUSINESS PROCESS RE-ENGINEERING

Creating A “Continuous Learning” Organization

By: Wade Brawley

DESCRIPTION:

This paper offers a summary of key points to consider when assessing the functionality of a department, or the entire organization. The discussion includes topics on optimum organization of personnel and suggestions on how to analyze and streamline processes. Principles and benefits of Business Process Re-engineering are briefly defined and illustrated in this discussion.

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AUTHOR'S BIOGRAPHY

Wade Brawley resides in Oklahoma City where he is Vice President of Land Administration for Chesapeake Energy Corporation. Under Wade's direction, Chesapeake's Lease Record and Division Order personnel transformed their departments into leaner and more productive work groups that provide better service to the company through the use of technology and re-designed business processes. Wade Brawley's publishing credits include various articles published in The American Oil and Gas Reporter, World Oil and Landman. Wade Brawley also contributed to the fourth edition of Brock's Petroleum Accounting Principles, Procedures & Issues. Prior to his employment at Chesapeake, Wade consulted in areas of acquisitions, mergers, business process re-engineering, system conversions, training and administrative outsourcing. Wade conducted his undergraduate studies at the University of Texas and obtained his MBA at the Oklahoma City University.

DESIGNING A “CONTINUOUS LEARNING” ORGANIZATION

All eyes roll when the boss reads a book on management techniques and actually tries to apply the newfound knowledge. Anyone who feels one person can abruptly and single-handedly create change and yield positive results is kidding himself. The key word in the previous sentence is “change.” Change is inevitable. Change is ongoing. Change is a process. The secret to successfully transcending change is to anticipate it and harness the cycle of change.

Change is a process that requires participation by all affected parties in order to successfully harness the cycle of change. It is important at the onset to involve personnel who are affected by change. When change comes from without, people often feel a loss of control. If change is not understood, or is poorly communicated, it will be viewed as a threat. Whereas, change that solicits input from those most affected by the change will more likely be supported and fostered to success.

“Change has considerable psychological impact on the human mind. To the fearful it is threatening because it means that things may get worse. To the hopeful it is encouraging because things may get better. To the confident it is inspiring because the challenge exists to make things better. Obviously, then, one’s character and frame of mind determine how readily he brings about change and how he reacts to change that is imposed on him.” AUTHOR: King Whitney Jr, President, Personnel Laboratory Inc

I like to think of “change” as “learning” and I like to think that every department in every organization should be designed for “continuous learning.” Continuous learning is a revitalizing, never-ending quest to be just a little bit better in every process performed by the department, or organization, whether that means being a little leaner, a little faster, a little more innovative, creative, competitive, or whatever. In short, “adding value” to the company. **For departments that provide administrative support, “adding value” is achieved by 1) becoming more productive; 2) providing more services; 3) reducing costs, or any combination of these three efforts.**

But, why is “adding value” and creating a “continuously learning” organization suddenly so important?

- 1) Cost pressures increase the need for higher productivity.
- 2) Shareholders expect higher returns.
- 3) New technology is pushing the need for reviewing the way we do our business to eliminate obsolete tasks and achieve economies of scale.
- 4) Outsource providers are a compelling alternative to in-house departments for providing back office services.
- 5) More than ever, today’s workforce requires incentive, motivation, empowerment and innovative management.

A department designed for continuous learning will be able to unify operational, technical and business knowledge. Later in this paper we will discuss the importance of identifying “core processes” for the purpose of challenging and improving processes which cut across department boundaries. A department designed for continuous learning must be open, communicative and possess a flexible infrastructure so that all ideas are encouraged and good ideas are nurtured and implemented. In the following pages, I will share with the reader a few principles I believe can aid any manager in creating a department designed for continuous learning and put good ideas into production.

COMPANY MISSION:

The mission is the essence of a company’s distinctive identity and the common thread that runs throughout the organization. Whether or not the company maintains a formal written mission statement, every company has an *inherent* mission and that mission should permeate all tasks and communication within the company. It should be clear that each job plays a critical role in fulfilling the mission. It is imperative that we focus on the company mission, so that we are able to maintain proper perspective and not allow our specific processes (our unique contribution toward the mission) to take precedence over the big picture.



Ideally, the company mission should filter through the organization from top to bottom, so that everyone is working toward the same objective. In an ideal organization, each department manager identifies the company mission, accepts the mission and demonstrates the mission every day. But large organizations present a challenge in communicating the company mission at every level. As companies grow, departments are created where the scope of responsibilities can become quite narrow. While departmentalizing processes can be efficient, workers can easily become so ingrained in their particular processes that they lose sight of the company mission – “the big picture.” Consistent communication of the company mission to staff members is a critical responsibility of management. There are two primary benefits when management communicates the company mission at every level: 1) job fulfillment and 2) proper perspective.

Most of us need to feel connected. When we feel connected, we feel we are making a valuable contribution toward achieving the company mission. When we feel this way, we are happier and we tend to be more productive. Not much more needs to be said to support the benefits of a work environment where staff members are happy and feel a sense of belonging to the point that they contribute more effectively. This is job fulfillment.

When we keep our minds on the company mission, we are better able to prioritize our work and effectively problem-solve at times when pressure seems to be coming from all

directions. A staff member who diligently completes the same task every month, right on schedule is a valuable employee. However, if the staff member is allowed to forget the company mission, he may begin to prioritize completion of routine tasks over being flexible to meet non-routine and urgent needs. If that same staff member were encouraged to maintain a clear vision of the company mission, he could easily discern which activity is most important at any given time and prioritize accordingly. Put another way, a staff member who is cognizant of the company mission is less likely to stress over conflicting priorities when faced with a decision as to which activity to pursue. He would always select the activity that adds value to the company and feel confident he has prioritized correctly.

DEFINE DEPARTMENT OBJECTIVES:

Identifying the company mission should aid the manager in defining department objectives: "What services does the department provide?" "Who are the clients?" "What are the clients' needs and is the department meeting those needs?"

It is critically important to gain endorsement from senior management during this process so they are assured the manager's efforts are in the best interest of the company. Along the way, the manager must obtain support and commitment from department staff. This is the hardest part. The staff must believe in the manager's ability to lead; but more importantly, staff must be assured they are going to be consulted and be an integral part of any change that may take place in their department. At the same time, the department manager must acknowledge and respect the experience of each staff member. Each person in every department brings with him, or her, unique experiences that represent opportunities for the manager to learn. These experiences should be shared for the benefit of all staff members. There is a tremendous amount of knowledge available to the manager who takes the time to solicit ideas and involvement from each staff member. The result is continuous learning for the manager and staff members.

BUSINESS PROCESS RE-ENGINEERING:

DEFINITIONS: Business Process Re-Engineering (BPR): *The science of reviewing processes with the objective to design new methods and procedures to accomplish a desired outcome. Typically, the goal is to a) eliminate redundant tasks; b) minimize tasks that do not add value; c) where possible, combine processes (de-fragmentation) d) reduce handoffs; and e) identify and eliminate bottlenecks. BPR focuses on intra-departmental and inter-departmental processes, especially core processes.*

Process: *A set of tasks, which together, completed end to end, create value for a client.*

Core Process: *A horizontal process that cuts across departmental boundaries. It is an interdependent process that is shared by two or more departments - usually information or material that is handed off from one department to another for further processing. This could be equated to raw materials in a manufacturing environment being passed down the assembly line for assembly, testing, packaging, etc. These processes cannot afford to be compromised, or stalled in any one department. It is these processes that provide the opportunity for personnel in other departments to form an opinion of your department based on how you handle your part of the process. It is these processes that integrate the entire organization.*

These definitions make sense to most of us; but when it comes identifying core processes and applying BPR to a department, or organization, it can be a little overwhelming to know just where to begin. After all, there is the day to day business to be done in addition to analyzing processes and determining better ways to accomplish department objectives. If possible, it is beneficial to engage a consultant to perform the analysis and, perhaps, manage the overall process. A consultant brings with him a fresh, unbiased approach, not to mention a history of success in conducting BPR in other organizations. It is often difficult for managers who have worked in the company for any length of time to step back, forget history with their staff and peers in order to objectively examine processes. But let's assume you are one of those exceptional

managers who can view the organization in the abstract, without bias. What is your first step?

Identify the Need. As in any scientific model, the first step is to identify the problem, or need. Following are a few events that could prompt the discussion of initiating BPR in your organization:

- 1) Management, or peer departments indicate there is a need for improvement in a given process.
- 2) When a department, or work group is frustrated with the current process.
- 3) When departments are not coordinating effectively.
- 4) When it is important to have a visual representation of workflow (for training, giving insight to management or other departments, or to prove the process is already in its most efficient form).
- 5) Staffing changes (downsizing, merger, retirement, etc.)

Assess Corporate Culture and Obtain Endorsement. What kind of product, or service does the company provide? Is the company innovative, or more traditional in structure? Will upper management accept new ideas? All of these considerations help determine the extent to which BPR will be successfully implemented in the organization. Just as it was important to obtain senior management endorsement when determining department objectives, it is important to obtain their endorsement when conducting BPR. Senior management will want 1) proof that a problem has been identified in the organization; 2) a plan for how solutions will be generated and analyzed; 3) a plan of implementation; 4) an overview of the process - from beginning to end; 5) a projection of benefits; and 6) an estimate of time and expense.

Leverage off of Technology. Many companies proclaim high tech; however, in practice many companies don't utilize their own technology to the fullest extent possible. The relationship with the Information Technology department (IT) should be like a partnership. It is ideal to have one person in the department responsible for communication of department needs to IT so that needs and priorities are clearly,

consistently and unequivocally communicated. Remember that IT's objective is *to create efficiency and add function* to business processes in each department; however, IT cannot force these benefits onto each department. It is the application users who must come to IT with their needs and a commitment to utilize technology before IT can provide a solution.

Identify Processes. Perhaps the best place to start in analyzing core processes is to identify all processes and list the tasks that make up each process. The processes should then be categorized as either a) *routine*, or b) *non-routine*. A routine process is performed daily, weekly, monthly, quarterly, or annually. A process is routine if it can be predicted to occur periodically and the number of occurrences can be reasonably estimated. A manager should be able to follow the process from beginning to end and make a determination as to what level of personnel to utilize, what kind of training is necessary and how long the process should take to complete. Regardless of the importance of a routine process, procedures should be established to enable delegation of the routine process down as far as possible, or at least delegate the tasks that comprise the process down as far as possible. Within the category of routine processes, there are *critical* and *non-critical* routine processes. A critical routine process would be a process that requires the highest level of quality control as there is little, or no, margin allowed for error. It is important to identify critical processes so the proper amount of training and quality control is designed for these processes. Non-critical routine processes are those processes we allow to go undone for a protracted period of time when faced with conflicts of priorities, or cutbacks during economic uncertainty. One recognizes the importance of differentiating critical and non-critical processes when the department manager is suddenly left with less time, or fewer persons to accomplish department objectives.

A *non-routine* process is an occurrence of which the frequency and magnitude cannot be predicted with reasonable accuracy. Non-routine processes are those occurrences managers like to refer to as "brush fires" and "special projects." These processes usually require multiple skill sets found only in the most experienced personnel, or the

manager herself. Therefore, routine processes should be delegated to every extent possible so the manager and key personnel are available to absorb the unpredictable (non-routine) occurrences we know will happen from time to time. A department should be staffed to adequately handle all routine processes and a reasonable number of non-routine processes.

Chart the Process. Processes comprise a series of tasks. Sometimes it helps to create a simple flow chart using arrows and symbols to obtain a tangible representation of how a core process flows through the department and through the entire organization. This enables the manager to see more clearly the inefficiencies and redundant tasks that make up a core process. Following are a few rules of thumb when analyzing the flow chart:

Count the Number of Hands that Touch a Piece of Paper. Handoffs should be reduced as much as possible and occurrences of the same personnel touching the same piece of paper should be eliminated, whenever possible. When someone touches a piece of paper, they should begin and end their process at that time and not revisit the task.

Place Responsibility Closest to the Action. Whenever possible, it is much more efficient to place the keying of information with the person, or department that generates the information. This may be a person in the field, a manager, or other key personnel. **It can be anyone in the organization who is the first to receive information that is to be captured in a database.** For example, the landman in the field who purchases a lease is the best candidate to enter the initial lease record data. Systems have evolved such that data captured in one process can be shared, or uploaded into other processes – even if the processes are in completely different computer applications or platforms.

Eliminate or Connect Multiple Databases. One of the biggest wastes of time in every organization is keying the same information in different places. Eliminate redundant keying by consolidating databases, or defining data within each database that can be automatically populated into other databases. An item of data that is keyed in two different places actually **quadruples** the effort: 2 persons are keying the same

information and later those same 2 persons will have to reconcile the difference between their information. Defining stewards of data within databases will ensure better quality and save time. Systems have evolved to a point that users can create scheduled processes and automatically populate other databases with pre-defined data elements.

Realign Tasks and Procedures. Make automation work for the department. An important component of BPR is to re-define the way we do our business at the same time we create new systems. It is not acceptable to simply automate past processes so they are done faster. Likely, tasks and procedures should be analyzed and changed in conjunction with new systems implementation.

Establish Written Procedures. Once a process has been evaluated and refined, it is important to reduce the procedure to writing to preserve as a document for training and reference. It is easy to forget the many details that support the steps in a procedure. Get it in writing.

ORGANIZE THE DEPARTMENT FOR MAXIMUM EFFECTIVENESS:

This takes some creative thought and requires the manager to "think outside the box." This is difficult to do because we were all taught in our early years to "color within the lines," even when the lines were at angles that rendered "staying in the lines" difficult. It was years later that I finally learned it was possible to turn the paper upside down, sideways and any which way to make the task easier. I also learned that the outlines provided on the paper sometimes overlooked important details.

At work, we sometimes get used to doing business a certain way and we tend to accept existing structure as it is and we continue to work within the confines of that structure; even if it is outdated and no longer efficiently meeting current needs. Determining how the department can best serve the company requires some abstract thought and consideration of the following:

Department Personnel Strengths and Weaknesses. What is the experience and capability of existing staff? You want to create a structure that leverages off of the unique strengths and aptitudes of existing personnel. At the same time, you do not want a department organization that enables poor performers to be obscured in the organization and remain undetected. Nor do you want inexperienced personnel to have first line accountability to personnel outside of the department.

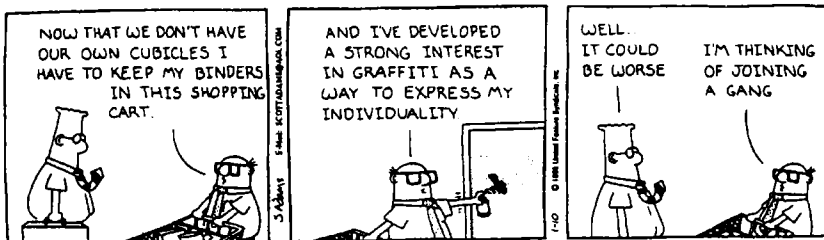
Form should follow function. This is an architectural philosophy that has just as much relevance when designing an organization as it does in designing a building. In other words, the organization of the department should be designed to facilitate its purpose, rather than follow a traditional structure, or a structure designed out of aesthetics or ego that may not best meet the needs of the organization.

Facilities. What kind of “real estate” do you have to work with? Is the floorplan conducive to the flow of work planned for the department? Private offices are great and necessary, but sometimes walls can create barriers to communication and better workflow. Ideally, workers who hand off work product should be located near one

Hoteling

The only drawback to the cubicle-oriented office is that some employees develop a sense of “home” in their little patch of real estate. Soon pride of ownership sets in, then self-esteem, and poof—good-bye productivity. But thanks to the new concept of

“hoteling,” this risk can be eliminated. Hoteling is a system by which cubicles are assigned to the employees as they show up each day. Nobody gets a permanent workspace, and therefore no unproductive homey feelings develop.



Another advantage: Hoteling eliminates all physical evidence of the employee's association with the company. This takes the fuss out of downsizing; the employee doesn't even have to clean out a desk. With hoteling, every employee has “one foot out the door” at all times. Hoteling sends an important message to the employee: “Your employment is temporary. Keep your photos of your ugly family in the trunk of your car so we don't have to look at them.”

another.

Functional vs. Geographical. A good example of *functional* orientation in an organization is a manufacturing assembly line. Processes are divided such that

personnel are given a narrow scope of work for maximum productivity and quality control. This has application in any administrative support department where there is a large amount of data captured and administered. In contrast, a *geographical* orientation is normally used to achieve more strategic objectives and facilitate a team concept. For example, landmen, geologists and engineers are geographically oriented so they can develop an expertise and take advantage of opportunities unique to their region. Likewise, division order analysts and lease record analysts are good candidates for geographical orientation.

Information that begins with the geographic line groups is typically esoteric as it emanates from a particular way of doing business, due to regional geology, state laws, title, marketing contacts, etc. However, as information generated in the various geographic groups filters through the organization, there is a point at which the information becomes standardized so that it is more efficiently administered by one functional line group and one set of procedures. The trick is to find the greatest common denominator among each of the geographic line groups – the point at which all information can and should be handled in a homogeneous process.

In short, a combination of both functional geographical orientations is usually the best orientation for any department. Some companies have experimented by implementing the geographic team concept all the way through the organization from top to bottom. However, these companies probably lost the benefit of economies of scale and endured inconsistencies in the quality and basis of reporting (whether financial reports, acreage reports, etc.) for each region.

Prepare Job Descriptions. A representative from each level of personnel within a department should create a job description, complete with required experience and benchmarks of professional achievement. This is often an interesting exercise as it provides the staff and management to confront the others' expectations and realizations. It can be an eye-opening experience for departments where a manager's perception of staff responsibilities does not meet the staff's understanding of their

responsibilities. The entire exercise will not only bridge the gap in perceptions, but will also instill pride among staff members, better perspective for the manager and provide a composite resume of department skill sets.

Flatten the Organizational Chart. We presently have a mature workforce in America and we should not insult our staff members by assuming they need to be “managed” in order to accomplish their objectives. It is important to leverage off of the unique experiences and contributions each staff member brings to the organization by empowering them with the authority to make day to day decisions. The traditional steep triangular shaped organization is outdated. It leaves the manager with less flexibility to address shifts in department priorities and objectives to meet the company's need. For maximum efficiency, the manager should attempt to “squash” that acute triangle into more of an obtuse triangle. A flattened organizational chart will provide more flexibility to meet the company's changing needs and also provide more mobility and professional opportunities for motivated staff members.

EMPOWER PEOPLE:

A good part of job fulfillment results from staff becoming "empowered." Delegating responsibility of a process to a staff member gives that staff member ownership and taking ownership in one's work causes one to work a little smarter (not to be confused with harder).

As discussed earlier, our current workforce is mature and we should leverage off of the unique experiences and contributions each staff member brings to the organization. Managers should share and delegate responsibilities among others in the department. This is also a valuable part of training. The manager should encourage staff members to reach their full potential and provide opportunities for staff members to manage non-routine projects as an exercise in developing leadership skills.

Involve staff in organizational decisions. Staff members should have a voice in how the organization is run so that they take ownership in the department.

One way staff members can take ownership is to be given *stewardship* of a process. In a department that utilizes several computer applications, it is helpful to name a steward for each application, or for each module within an application. For example, in our company, the Land Administration department names a steward for each module of its applications: prospects, contracts, leases, owners, payments, wells, lease divisions of interest and well divisions of interest. This not only causes staff members to take pride and care in the proper use of the application, it helps ensure the integrity of the data and gives everyone in the department an available and approachable resource from whom they can seek information and training.

Creating *work groups* empowers staff members to establish a team approach in meeting department objectives. This is done simply by identifying personnel who provide similar services, or who are involved in the same processes and locating them near each other. This provides ease in sharing workload and encourages effective problem-resolution skills.

CLIENT SERVICE:

For those of us who do not work in a consulting environment, we do not often think in terms of delivering service to a client. However, if one looks at any organization, it is easy to see client relationships throughout the company. Our clients include our supervisor and personnel in other departments who depend on our process in order to provide them the information, materials, or tools needed to perform their job. We are all clients, in one way or another. We depend upon each other for ideas, services and materials. We all give *client service* and we all receive *client service*. *Client service* is the process of delivering competent, quality work in a courteous, helpful manner. It means treating your colleagues, as you want to be treated. The benefits of client service include:

- Instilling a spirit of cooperation and teamwork inside the organization.
- Boost of pride and morale inside the organization.
- Improvement of quality, productivity, efficiency and satisfaction.
- Elicits professionalism at every level

A client-driven staff member thinks of her work as a reflection of her abilities and the source of her reputation throughout the organization. This is a powerful motivating force that causes us to do the best job we can to provide the best service reasonably possible - much more powerful than the old theory of doing a job well to meet the boss's expectations.

ESTABLISH BENCHMARKS:

It is interesting to compare the role of management in the 1900s versus today. One hundred years ago, people were the workhorses and were considered the source of all potential errors. Workers were distrusted and management, likewise, was distrusted - not much of a partnership. The role of the manager, or line foreman was to inspect work product and make sure workers maintained the status quo. Today, computers and information are the workhorses and workers are considered assets - thinking, creative, problem-solving assets that make the computers and information work for us in the most efficient manner possible. The manager's role has changed to one of a motivator. Rather than watch over and inspect work product, managers now establish *quality control points* and *benchmarks*. A *quality control point* is one point in a process at which a manager can review a sample of work product to ensure quality. This may be a log, a systemized audit, or an approval process. A *benchmark* is an agreed level of satisfactory performance, whether measured in number of units produced, number of contacts made, or even number of errors allowed. A manager who has established benchmarks and quality control points allows staff members more autonomy, dignity and control of their work. These managers lead by motivation and spend more time

planning for future change. They are more interested in time management, skill development, participation, staff involvement, morale and communication.

STEPS TOWARD A CONTINUOUS LEARNING ORGANIZATION:

- 1) Identify the problem
- 2) Obtain management endorsement
- 3) Gain staff endorsement
- 4) Interview participants in the process
- 5) Chart the current process (beginning, end, "handoffs," "returns")
- 6) Identify weaknesses
- 7) Chart the proposed process
- 8) Discuss proposed process with participants
- 9) Quantify the added value yielded by new process
- 10) Reorganize personnel, if necessary
- 11) Organize personnel to prepare job descriptions
- 12) Edit job descriptions to correlate with department objectives
- 13) Educate and inform staff
- 14) Implement changes/new process
- 15) Establish "Process Stewards"
- 16) Establish "Benchmarks"
- 17) Monitor the new process and make adjustments as necessary
- 18) Establish a review date in 12 months to ensure process compliance, confirm marked improvement and see if organizational, procedural, or technological changes warrant the process to be reengineered.

Continuous learning stimulates all staff members and creates an enlightened, responsive, client-driven environment, which leads to a higher level of loyalty and job fulfillment. It goes beyond "feeling good." An organization that employs continuous learning techniques is an organization that will receive commitment from its employees who will provide multiple eyes and perspectives for identifying problems and solutions. Management's responsibility shifts from being the watchdog, to providing staff members the tools, power, knowledge and challenge to pursue continuous learning; thus allowing management more time to seek opportunities that will add value to the company.

"To dare every day to be irreverent and bold. To dare to preserve the randomness of mind, which in children produces strange and wonderful new thoughts and forms. To continually scramble the familiar and bring the old into new juxtaposition." AUTHOR: Gordon Webber, Vice President, Benton & Bowles

Suggested Reading Material:

Benchmarking, by C.J. McNair and Kathleen H.J. Leibfried
Business Process Redesign Breakpoint, by David K. Carr, et al
Business Process Improvement, by James Harrington
Beyond Reengineering, by Michael Hammer

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