

## **Processes at the Core of the Organization**

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*The world is changing. We are at an inflexion point to a 'New Normal' and the way we do things will most probably change: new business models, market context and customer needs. Thus, we have a major opportunity to transform ourselves and our organizations, not just to survive, but also to be prepared for what will be next and beyond. This paper proposes how to integrate strategy and operation towards a successful execution. Theory and practical is combined and a real transformation case study is presented. Improvement, evolution and transformation are imperative now.*

*Keywords: strategy, process, execution, operations, organization, reengineering, transformation, BSC, KPI, improvement, new normal*

### **INTRODUCTION**

Processes are an inherent part of the organizations. There is some correlation between the Organization strength with the ability to design, carry out and transform execution according to the needs of the market and the customer, in a dynamic and competitive context, adding new possibilities, and taking into account its stage of maturity and evolution, such as the conviction, commitment and skills to do it on time.

There are few opportunities to design processes from scratch, but there are several opportunities for major innovations or for reengineering to promote disruptive change and evolution. Very often there are possibilities to apply continuous improvement and, of course, day by day opportunities to look for ways to better carry out the work.

Even when these concepts are generally accepted and shared, organizations are often not consistent with them, or do not make enough efforts to "keep them alive" and take advantage of the results. Or, there is often an approach that is inconsistent across the organization, poorly communicated, or lacks alignment to link strategy and execution, and to achieve goals that are doable with critical success factors.

Sometimes we come to this understanding late. When we are in a contingency situation, we suffer a great impact or loss, and the way of proceeding or the execution has important gaps, our Customers move to another option or a competitor wins.

This document summarizes some key concepts, integrate and present them with some systematization including examples and case studies to show how theory can be landed in the field allowing to maximize the results.

Probably, this document can provide a review opportunity for people who have advanced knowledge and direct responsibility for processes and management and may add some new concept or articulated approach for people who don't have specific training or responsibilities in this regard.

## **PROCESSES' KEY DEFINITIONS**

Processes are a set of repetitive, systematic and interrelated activities that transform a requirement into a product or service that adds value to the Customer.

Main Organization challenges are related to:

- Customer and effectiveness: Provide added value to the Customer according to their expectations or exceeding them.
- Cost and efficiency: Maximize results with the least effort (cost, time, resources) possible.
- Competitiveness and Loyalty: Leveraging customer preferences with best-in-class execution.
- Change and transformation: being able to evolve or change to improve.
- Processes link Organization's Strategy with the Results, drive the value chain activities and allow management & execution capabilities contribution to be successful.

## **RIGHT QUESTIONS FACILITATE RIGHT ANSWERS**

To succeed in the long run, businesses must remain focused on producing value. They must assess their target Customers to understand their value perception, and also their Market to refine its value proposition. But they must also do it consistently, sustainably, and in accordance with their vision and mission.

If we read Alice adventures in the wonderland, one day she came to a fork in the road and saw a Cheshire cat in a tree and ask:

Would you tell me, please, which way I ought to go from here?

That depends a good deal on where you want to get to, said the Cat.

I don't much care where— said Alice.

Then it doesn't matter which way you go, said the Cat. (Carrol, 1865, p. 41)

Organizations should ask themselves the following questions, considering their hierarchy, in order to easily identify the relevant issues and propose their response or course of action. (See Figure 1)

**FIGURE 1  
KEY QUESTIONS HIERARCHY**



Simon Sinek (2009) explains that to achieve a runaway success, companies must have a purpose that unites and inspires people. He refers that “make more money” will not work, because people buy why you do it, not what you do.

According to Simon Sinek:

- Every single company knows what it does, and everyone can easily describe the products or services offered and their job in the company.
- Some companies and people know how they do what they are producing. Not just their individual activity, we are referring to the value chain process associated that allows the production of the offered product or service. If you ask them about the “differentiating value proposition” or a “unique selling proposition”, they will usually offer different explanations not fully aligned.
- Very few companies and people can clearly articulate why they do what they do and link this explanation with the company’s mission and vision, or their own deep motivation to do it.

Also, the author proposes that there are neurological implications that justifies the success of the companies that discover this “why” and can formulate and communicate it clearly, achieving their collaborators engagement and the target customers’ preference and loyalty. There are many rational and analytical reasons involved in this process, basically related to the neocortex brain level, but also some key motivational and behavioral factors related to the feeling, trust and loyalty strongly driven by the limbic brain level.

As an organization to define “what” and “how” it is important, but it is not enough, to achieve a leveraged success. In the hierarchy of questions and answers “why” is a key success factor.

## **DRIVING THE STRATEGY TO EXECUTION**

### **Some Key Guidelines for This Journey**

The organization must consider and be prepared to:

- Identify and align strategic projects
- Make proper execution decisions

- Align the Organization and communicate effectively
- Consistently perform its processes and make improvements to meet or exceed the Customer requirements
- Reward exceptional performance

## STRATEGIC PROCESS EXECUTION

Normally an Organization will have a Mission, a Vision, its Objectives and a Strategy to achieve them. However, although it may seem obvious, it does not always turn out that way. It is possible that in an Organization the answer about the proposed destination is not so clear to everyone, or there are probably different opinions or interpretations depending on the person or part of the organization, or it varies too much over time (even brief) or the circumstances.

A March 2006 study by BSCol Research (Online Community of Performance Management Professionals linked to the Balanced Score Card) revealed a comparative result between the companies that have a formal strategy execution process underway or not, and their self-performance evaluation (Kaplan & Norton, 2012, p.23).

Only a little more than half of the organizations had a formal strategy execution process, and most of these (70%) evaluated their performance favorably. On the other hand, those that did not have a process of this type, in their majority (73%) evaluated their performance as insufficient or poor. (See Table 1).

**TABLE 1**  
**BSCol RESEARCH ABOUT COMPANIES' STRATEGY PROCESS EXECUTION AND PERFORMANCE EVALUATION, MARCH <sup>1</sup>**

	Yes	No
Companies that have a formal Strategy execution process underway	54%	46%
Current performance of the Organization with a formal Strategy process	With a formal Strategic Process	No formal Strategic Process
Winners	70%	27%
Losers	30%	73%

### Some Key Questions About Our Organization Status

- Is there a formal process for these definitions and an ongoing implementation? How would you evaluate the results?
- If you asked different people in your Organization: What does it do, how does it do it, what does it do it for and finally why? How many responses would you get? How consistent with the formal definitions would they be?
- And if these questions have been asked, and if the answers were satisfactory, and even if their execution was successfully launched ... Faced with the changes we are experiencing and the horizon of a new normality: are they still in force ?, or based on what is happening, what we believe to be next and what we intuit later on: Don't you think there is an obvious need to take on this new starting point and review what we intend to achieve, its way forward and how we propose to go through it?

## **STRATEGY AND CHANGE**

“No man ever steps in the same river twice”, Heraclitus of Ephesus (S. V. BC).  
Not only does the river water flow, people also change from one moment to the next.

Change is constant and a useful strategy is key to success. However, not all Organizations carry out this process. Naturally, those that do, usually achieve better performance.

## **CHANGE AGENDA**

Organizations can define their strategies for a period (e.g. 5 years). Carry it on during that time and adjust it or make a new one for a subsequent period.

As we will see later in the elaboration, the Change Agenda involves different internal and external factors. Depending on the cases and the magnitude of the change it represents, it can be classified as:

- Transformational Strategy (high level of innovation or change)
- Incremental Strategy (improvements proposed over existing execution but without profound changes or innovations)

The definition of a new strategy, particularly the transformational one, can be guided by an Agenda for Change.

As an example, the attached table shows the FBI (Federal Bureau Investigation of the United States) Agenda for Change, proposed after the terrorist attacks of September 11, 2001, in the USA, which caused strong paradigm shifts in the World, with tangible consequences in many areas (Creelman, 2017). (See Figure 2)

**FIGURE 2  
FBI CHANGE AGENDA CHART**

	Law enforcement	<b>Roles</b>	National security and law enforcement
	Case-driven	<b>Focus</b>	Threat-driven
	Quantitative evaluation (case-based)	<b>Measurements of Success</b>	Qualitative evaluation (threat-based)
	"Restrict; and share what you must"	<b>Information Sharing</b>	"Share; and restrict what you must"
	Contributor	<b>Intelligence Community</b>	Full partner
<b>PAST</b>	Domestic	<b>Scope</b>	Global
	Tactical	<b>Senior Management</b>	Strategic
	Ineffective communications	<b>Internal Communications</b>	Effective, relevant and timely communications
	Operational silos	<b>Organisation</b>	Integrated team approach
	Inefficient and ineffective HR processes	<b>Human Capital</b>	Highly efficient and effective HR processes
	Agents/support	<b>Culture</b>	Team of professionals
	Antiquated and disparate IT systems	<b>Information Technology</b>	Mission-enhancing integrated IT systems, productivity tools
	Applying developed S&T	<b>Science &amp; Technology</b>	Developing and applying optimal S&T
	Budget drives strategy	<b>Resource Management</b>	Strategy drives budget

### FORMULATE THE STRATEGY

In the formulation process, the following 5 steps can be considered:

1. Identify the organization's current mission, objectives and strategies.
2. Analyze the environment. Weighing opportunities and threats in the organization's environment.
3. Internal analysis. Determine what resources and capabilities the organization has (strengths and weaknesses with respect to its competitors).
4. Review, and eventually adjust, the organization's mission and objectives, considering the previous steps and / or refining the proposals based on the more general and long-term perspective.
5. Formulate the Strategy: Propose strategies and select the most appropriate to achieve the objectives the assumed circumstances and considering the long term.

When formulating the strategy, the following characteristics or conditions of the organization must be considered:

- If you are interested in expanding / growing, diversifying, stabilizing or concentrating / shrinking.

- The conditions of the field, the industry, the markets where it competes, such as the evolution and trends that are presented and the way in which it plans to offer its products or services.
- What guidelines do you follow to administer your capacities and activities, and the proposed management model?

Other variables relevant to the strategic decision must also be considered, such as: technological, economic, physical, social and political.

The formulated Strategy must be:

- Consistent: goals, initiatives, management, capabilities and assumable risks, prioritization and resources must be consistent.
- Adaptable: its adaptation to the environment in which it will operate and the possible changes that occur must be viable.
- Competitive Advantage: if it facilitates the creation or maintenance of a superior condition to other organizations that currently operate or preserves it from others that could join. Depending on the case, it can also be focused on maintaining or reaching a condition.
- Feasible and Sustainable: it must be viable without exhausting all resources or generating critical problems that cannot be solved.

## **TODAY WE ARE GOING THROUGH AN UNIMAGINABLE CHANGE**

Just to remark some main characteristics, we can summarize the following topic:

- A health crisis on a global scale generated by a pandemic of very fast and easy contagion, transverse to countries, classes and societies, which finds us without the knowledge, resources or timely and mature policies, although with collaboration and speed in the search for solutions also novel.
- Changes in our paradigms that reveal our vulnerability and the fragility of many of the certainties and assurances that we had assumed, many measures taken by countries contrary to the process of integration and globality that was in constant evolution.
- A strong impact on the way of life, social relations, education and work, with an unprecedented acceleration in the adoption and deepening of available technological solutions.
- Simultaneously an economic and financial crisis, of supply and demand, which hurts the vast majority but also generates more asymmetries between "winners" and "losers" during the conjuncture and presents a long and hard road to recovery in a "new normal".
- Also an opportunity to propose profound changes and seek better ways to govern, to coexist in a sustainable way, to develop and have adapted organizations that managed to survive in the crisis, overcome themselves in the short term and that will be able to offer better and more value in the future.

### **Some Key Questions About Our Organization Status**

- Have your organization identified this time and events as an inflection point?
- Have your organization done a hypothesis about where the world is going, and particularly the market, customers, product or services involved?
- Is there an approach in place to balance and propose how to manage in the very short term to surf this momentum, the action plans for the near future and the long-term goals?
- Is your organization making actions to getting there first?

You must go from a viable present to a promising future, but you must remember that to be there, you cannot be here. Therefore, it is necessary to embrace the new and without forgetting what has been learned evolve and transform leaving the old behind.

## STRATEGY AND PROCESSES THAT ADD VALUE

### Strategic Planning

Strategic Planning has a key component which is the Value Proposition. Through the Value Proposition, the Company exposes to its Customers, or potential stakeholders, the reason why they should choose their products or services, and what it offers differently and better than other competitors in the Market.

A strategy, according to Mintzberg (1997), is a plan that integrates the main goals and policies of an organization and establishes a coherent sequence of actions to be carried out. A properly formulated strategy helps to put order and to assign, based on both its attributes and its internal deficiencies, the resources of an organization, in order to achieve a viable and original situation, as well as anticipate possible changes in the environment and the unforeseen actions of smart opponents.

The strategy refers to the combination of means to achieve the objectives in the presence of uncertainty. The strategy adopted represents the best bet, but nothing guarantees its success. When there is full certainty about the effectiveness of the means to achieve the objectives, no strategy is required. The relationship between objectives and means becomes purely technical.<sup>2</sup> (Labarca, 2008)

### ADDED VALUE PROCESSES

The transformation process that adds cost and value to the good or service produced, it can be represented in a Value Chain.

- So, the value chain is the process or activities by which a company adds value to an article, including production, marketing, and the provision of after-sales service.
- It is probably the most used instrument to carry out an analysis that allows from a strategic perspective the identification of the activities that make up the production process of the good or service, together with the cost and value added, identifying the competitive advantages and drive improvements to achieve greater results.

### THE VALUE CHAIN

A simple way to represent the Value Chain process is through the following scheme where the requirements and the necessary inputs are input into a process in charge of transforming it into something valuable to deliver to the customer. Up to here the process is a “black box” without the detail of what happens inside it to successfully achieve the desired transformation. (See Figure 3)

**FIGURE 3**  
**BASIC REPRESENTATION OF THE MODEL INPUT-PROCESSED-OUTPUT**



The set of activities can be classified into:

- Primary or directly related to the Production Processing



- Support to primary activities

### Primary or Line Activities

They are directly related to the production and sale of the product:

- Inbound logistics: reception, storage and distribution of the inputs necessary to manufacture the product or provide the service.
- Operations: transformation of inputs into the final product.
- Outbound logistics: storage of the finished product, and distribution to the consumer.
- Marketing and Product Sales: advertise, promote and sell the product.
- Services: provision of complementary services to the product such as installation, use, repair and maintenance.

### Other Support Activities

They add value to the product but are not directly related to its production and marketing. They support the primary activities:

- Company Infrastructure - Supports the entire company, such as planning, finance, and accounting.
- Human Capital Management: related to the search, hiring, training, staff development and talent retention.
- Technology development: related to the research and development of the technology necessary to support and promote other activities.
- Provisioning: related to the purchasing process.

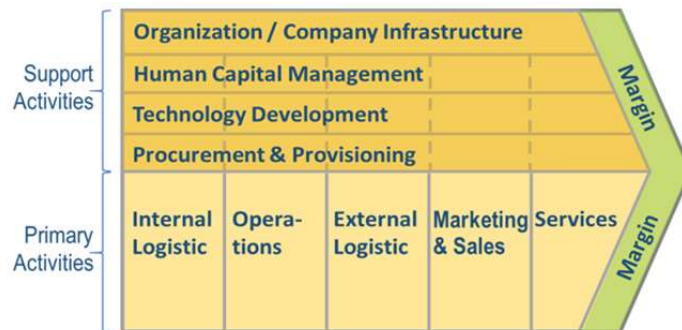
When completing the analysis, the value chain assigns a value to each of these tasks and the associated cost (cost and time). This allows evaluating costs and added value throughout the process and the result.

Then, opportunities are sought to maximize the margin of this cost-benefit ratio, the consolidation of competitive advantages or the prevention / mitigation of other unfavorable aspects.

### The Value Chain Representation

According to Michael Porter (1985), the Value Chain can be conceptually represented in the following way: all primary activities, plus all support activities, which allow the production of valuable goods or services for the Customer. (See Figure 4)

**FIGURE 4  
VALUE CHAIN REPRESENTATION**



The value paid by the Client minus the sum of the costs related to the elaboration of the good or service, will be the profit margin that the Company obtains.

Sustainability will be associated with the ability to offer value and obtain an acceptable margin over the time.

In order to make this representation compatible with other topics addressed in this document (Strategic Maps and Balanced Scorecard), in other following graphics we will propose to represent it as follows:

- Primary Activities: we will place them in the center following a horizontal development. These will basically coincide with the perspectives of the Clients and the Processes (fundamentally operational or in charge of production and relationship with the Client).
- Other Activities: those of a strategic or business nature will be shown at the top, while the rest of the support and support activities will be shown at the bottom. (See Figure 5)

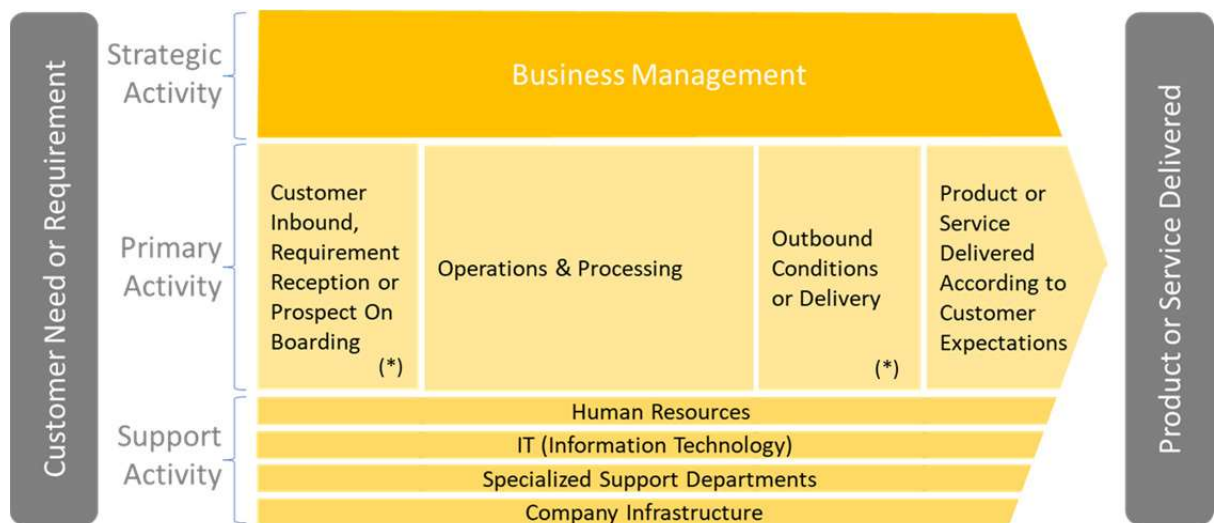
**FIGURE 5  
VALUE CHAIN REPRESENTATION ADAPTED**



**MACRO PROCESSES FOR CUSTOMER’S VALUE CHAIN**

A value chain is a Business model that describes the full range of activities needed to create an appreciated product or service. (See Figure 6)

**FIGURE 6  
FULL MACRO-PROCESSES REPRESENTED IN A VALUE CHAIN**



(\*) Includes related Marketing & Sales activities

Highlights:

- A value chain is a step-by-step business model to transform Customer need or requirement to a product or service delivered.
- Value chains help increase a business's efficiency to deliver the most value for the least possible cost and time.
- A value chain offers the opportunity to create a competitive advantage for a company by increasing the benefit vs. cost rate.

## **WHAT ADDS VALUE AND WHAT DOESN'T**

### **The Customer Is the One Who Defines the Value.**

The determination of the value is not absolute or isolated, and normally different factors are involved, but it is always the Customer who defines the value.

All the activities of the organization can be classified according to whether they add value or not.

- When analyzing a process, we must evaluate whether or not it adds value, and in an ideal state all activities should contribute to this.
- This analysis must be carried out from the Customer's point of view.  
A similar approach can be done for threads or activities to determine which ones add value or not. This can be analyzed considering the direct contribution with the added value that adds up in the production of the good or service, providing something that the End Client effectively values, or when this value can be inferred.

A simple way to check if something adds value is to answer the following questions in the affirmative:

- The Client is willing to pay for that (or it is a direct contribution and is part of what the Client is willing to pay).
- It is something that is part of the transformation process of the product or service finally offered or delivered.
- Is it something that was done correctly the first time (or is it a fix or repair)?

The final Customer is the Consumer, that is, the one who obtains goods and services for his own use. Sometimes, the contact of the Organization is not direct with the Consumer, but it has to be taken into account, and if someone intervenes before the Consumer (e.g. a Store or a Reseller), they must balance what they demand without neglecting to which the End Client effectively assigns value.

You need to understand:

- How the Customer defines the value.
- And to recognize that, although the entire stream of activity is ultimately oriented to satisfy the Consumer, the requirements and values of the Consumer do not necessarily align with the processes and agendas of all actors in the value chains that provide those goods and services.

Organizations must strive to understand and anticipate the interests and needs of Customers seeking their satisfaction, preference and loyalty.

### **Kaizen (Continuous Improvement)**

Kaizen (改善) It is the Japanese term that expresses "beneficial change" or "change (kai) for the better (zen)" and is used to refer to Continuous Improvement. This concept is strongly driven by the "Lean" Methodology.

According to the definition given by the Kaizen Institute: "KAIZEN™ means improvement. Moreover, it means continuing improvement in personal life, home life, social life, and working life. When applied to the workplace KAIZEN™ means continuing improvement involving everyone – managers and workers alike." Masaaki Imai, Founder of Kaizen Institute

Basically, Lean refers to: do more with less, non-value-added elimination, focusing on the client and the team.

Continuous Improvement can be classified into two types:

- Maintenance: focused on maintaining performance levels and current standards.
- Improvement: seeking to exceed current standards and processes through innovation.

Processes can usually be improved by identifying opportunities to remove waste or what is not needed through small incremental improvements, which affect execution conditions and the results obtained.

### **Waste Categories**

By examining a process or value chain, these opportunities can be detected. The Lean Method groups these forms of waste into 7 categories:

1. Transportation (if there is transportation of all or part of the materials, elements or information between processes or places of processing).
2. Wait (if there are people, parts, systems, equipment or facilities idle or waiting to continue with the productive task).
3. Overproduction (when excessive quantities are produced compared to those demanded). If the load is not balanced, bottlenecks are also caused.
4. Defects (when the result of the process offers or delivers something that is not acceptable to the Customer).
5. Inventory (when you have an accumulation of raw materials, work in progress or finished products that do not add value).
6. Displacement (the amount of internal movements required to operate with the materials, people, equipment or goods / services produced in a certain stage of the process).
7. Reprocessing or necessity of an incremental processing to the defined one (the demanded effort that exceeds the predicted standard).

More recently an additional category has been proposed:

8. Underutilization of Human Capital (if it takes advantage of the Human Capital, its talent and full potential and capacity).

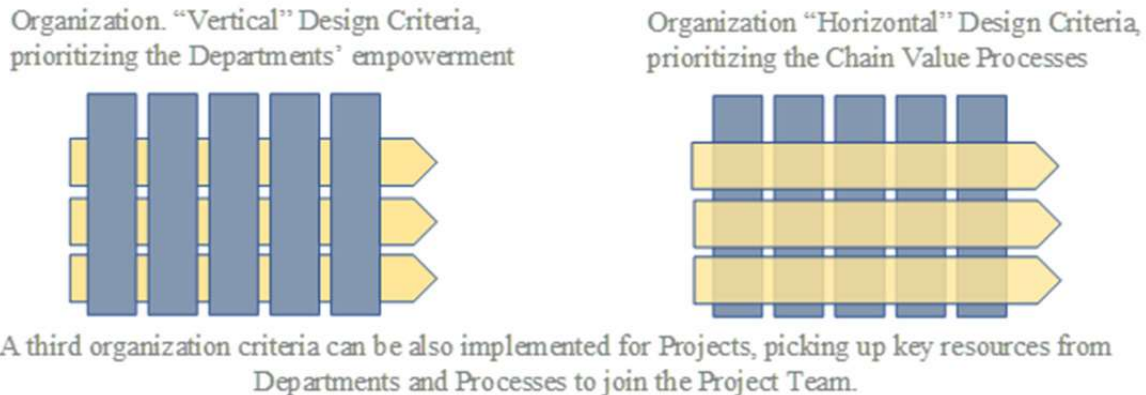
## **THE RELEVANCE OF PROCESSES IN AN ORGANIZATION**

The Processes Design or Re-Design looks for the optimum value chain performance aligned with the Strategy to Execution drivers. It is extremely important to have a consistent result according to the Customer and Stakeholder expectations or exceeding them, to promote a continued improvement cycle dynamic and to encourage major transformations usually leveraged by the application of innovation and new technologies.

The Processes layers articulate the Organization activity and the Process Management looks for the optimum execution, but also enables findings or insights and it is linked with either the opportunities to gradually improve or related to Projects (One Time Initiatives).

The Organization Design can be driven by a cross functional process criteria (“horizontal”) vs. the more siloed functional department criteria (“vertical”). (See Figure 7)

**FIGURE 7**  
**KEY DIFFERENT ORGANIZATION DESIGN CRITERIA**



Organization Charts, Hierarchy and Areas/Departments don't disappear, but they must be consistent with the proposed design to provide value.

Usually, the Process Driven Design Criteria shows opportunities to improve the Core Activity and the Chain Value results, but it is necessary that it fits to the Organization's skills and capacities, the process owner's empowerment and the Team involved and to evolve into to a Process Management approach.

Most commonly, companies combine the two criteria with different emphasis. The process design or redesign approach will support criteria of excellence in execution, aligned with the Strategy. It will also look for gaps and improvement opportunities that may be feasible in continuous improvement cycle or in an improvement project (one-time execution).

Those opportunities and improvements will allow results' efficiency, compliance and risk management, promote the development of people and operations' excellence, Customer's satisfaction and the integrated Business-Operations Management. (See Figure 8)

**FIGURE 8**  
**EXAMPLE: MAIN OPPORTUNITIES RELATED TO PROCESS DESIGN OR REDESIGN**



**TOP DOWN DEFINITIONS & MULTI-SPEED CYCLES**

This approach involves two main concepts to be considered:

- Follow a hierarchy for top-down definitions and,

- Implement an ongoing iterative cycle with different speeds -more stable for long term global definitions, and more adaptive for the day-to-day activities.

Six cyclical activities (Kaplan & Norton, 2012): (See Figure 9)

1. Strategy Development
2. Strategy Planning
3. Organization Alignment
4. Operational Planning
5. Control & Learning
6. Prove & Adapt

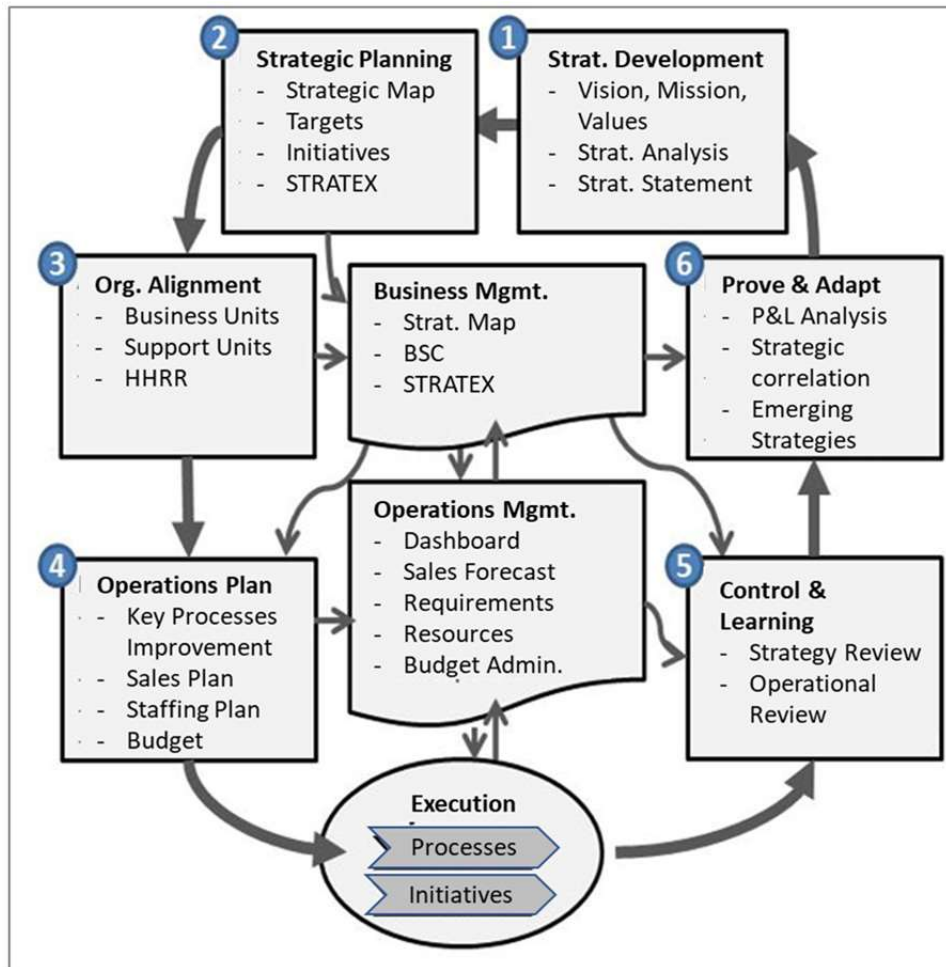
Also, two main and complementary activities drive the ongoing effort:

- Business Management
- Operations Management

Finally, the execution includes:

- Processes (Repetitive, Systematic, Interrelated activities)
- Initiatives (One Time Projects: Gradual or Disruptive)

**FIGURE 9**  
**CYCLICAL ACTIVITIES AND ON-GOING EFFORT AND EXECUTION INTEGRATING**  
**STRATEGY AND OPERATIONS, BASED ON DAVID NORTON AND ROBERT**  
**S. KAPLAN (HARVARD): EXECUTION PREMIUM**



Acronyms used:

- BSC (Balanced Score Card)
- STRATEX (Strategic Expenditure, budget for Strat. Initiatives)
- CAPEX (Capital Expenditure, Investments)
- OPEX (Operating Expenditure, Costs)
- P&L (Profit & Losses)
- Strat. (Strategy)
- HHRR: Human Resources

## A HOLISTIC VIEW THAT COMBINES THESE PROPOSALS

### Strategic Map

The Strategic Map is a method to visualize and communicate how value is created by the Organization. It is a graphic that shows systematically the cause-and-effect relationship between strategic objectives. It is a smart representation of the Organization interrelated key Macro-Processes:

- Defined by four perspectives (Financials, Customers, Processes, Other Capabilities including Learning and Knowledge).
- Grouped by 3 type of Macro-Process type (Strategic, Operating, Support). As we saw previously (Figure 6).

The Strategic Map can be represented in many ways (See some examples in Figure 10)

**FIGURE 10**  
**DIFERENT LOOK AND FEEL EXAMPLES OF TRATEGIC MAP REPRESENTATION**



Regardless of the approach and method used, the formulation of the strategy aims to solve problems and define new directions in the long term.

The organization can define an incremental or a transformational strategy. Most likely, depending on the moment, one or the other will be chosen, but in all cases the strategy tends to be in force for a time and finally completes its cycle. Some studies indicate that these cycles normally last between 3 and 5 years.

If we talk about a transformation, it could be due to a reengineering or innovation. In this case, as noted by Michael Hammer and James Champy pioneers in this matter: "Reengineering is the fundamental review and radical redesign of processes to achieve dramatic improvements in contemporary and critical performance measures, such as cost, quality, service and speed" (Hammer & Champy, 1994, p. 34).<sup>3</sup>

It is also frequent that the Organization has defined more than one strategic issue, and it is usual that not all of them are in the same situation, so it may be that for some they define an incremental strategy and at the same time a transformational strategy for others.

The review of the strategy may be part of a systematic process proactively developed, or it may also result from internal or external triggers (macroeconomic, regulatory, market, technological, etc.)

Many organizations seek to define these basic guidelines in a simple, clear and forceful way through a Strategic Map. This includes different dimensions considered as a consistent and integrated whole, which responds in an orderly manner to the proposed Mission, Vision, Strategy and Objectives.

In the words of its own creators, "the Strategic Map offers an architecture to integrate the strategies and operations of the different units across all the Organization" (Kaplan & Norton, 2012, p. 96).<sup>4</sup>

In their book "Execution Premium" David Norton & Robert S. Kaplan describe that:

- The primary objective of an organization is to create long-term value for shareholders (private sector) or for stakeholders (public sector).
- The satisfaction of a value proposition for the Customer generates value for the Organization.
- Internal processes create and deliver value that satisfies Customers and contribute to achieving the productivity goals of the financial perspective.
- Intangible assets (people, technology and culture) drive improvements in the performance of critical processes that provide value to Customers and shareholders.

Taken together, the financial and customer perspectives indicated by the strategic maps and the BSCs describe what the organization hopes to achieve.

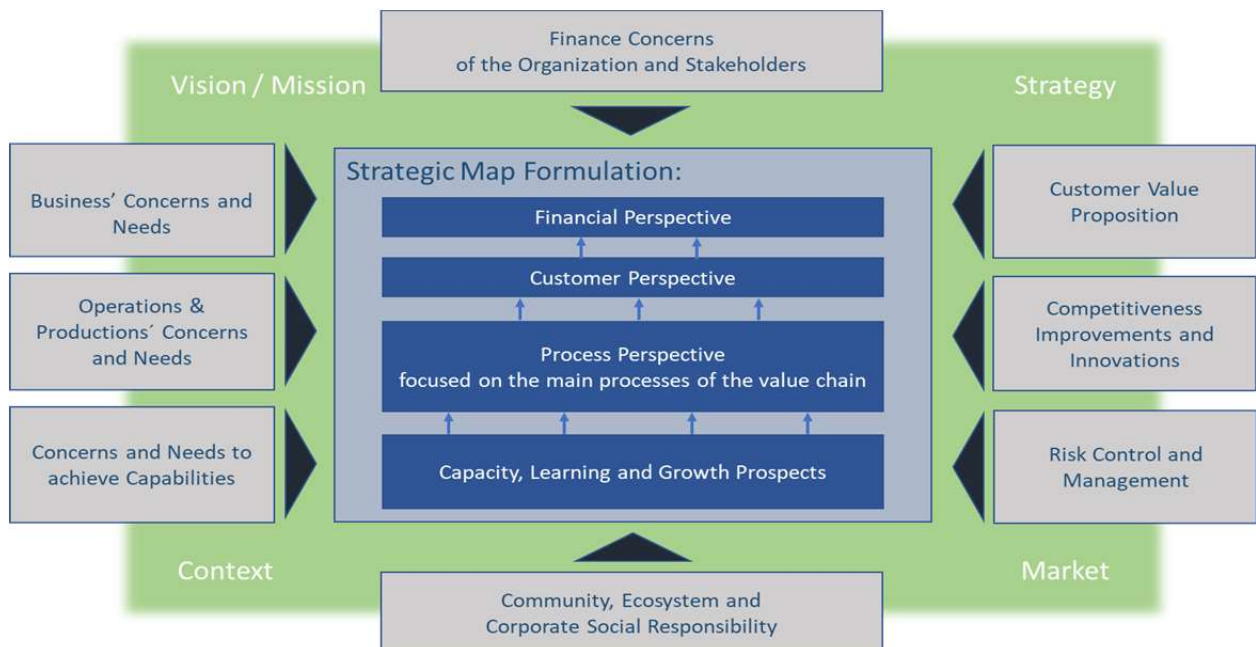
The process perspective identifies the few critical business processes that will meet Customer and financial goals. All processes must be done properly, but only a few create the real differentiation for the strategy. The strategic map should identify them so that everyone can focus on constantly improving them. The perspective of learning and growth identifies jobs (human capital), systems (information capital), work environment (organizational capital), which support the processes that create value.

### Strategic Map Formulation

The design of the Strategic Map is specific to each Organization and the moment in which it is formulated. Normally, different tools, techniques and the art of the team involved are integrated.

To formulate the Strategic Map, the following items must be considered: internal and external analysis, the concurrence of different interests and needs, the agenda for change and prioritized initiatives, seeking to articulate the different elements to achieve a general framework that combines the different parts to provide value for Clients and the sustainable fulfillment of long-term goals. (See Figure 11)

**FIGURE 11**  
**ITEMS TO BE CONSIDERED FOR A STRATEGIC PROCESS MAP FORMULATION**

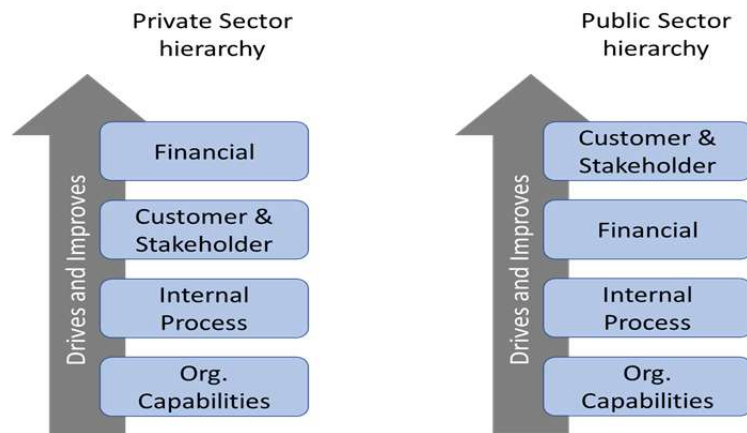




In the Strategic Map formulation, four perspectives are considered: Financial, Customer, Internal Process and Capabilities. As we are going to review, different key concepts considered can be represented in different layers according to these four perspectives. Those items must be articulated to achieve the goals proposed. This representation facilitates the organization to propose guidelines for the employees to produce value. The lower layers will contribute to the top ones driving the desired result.

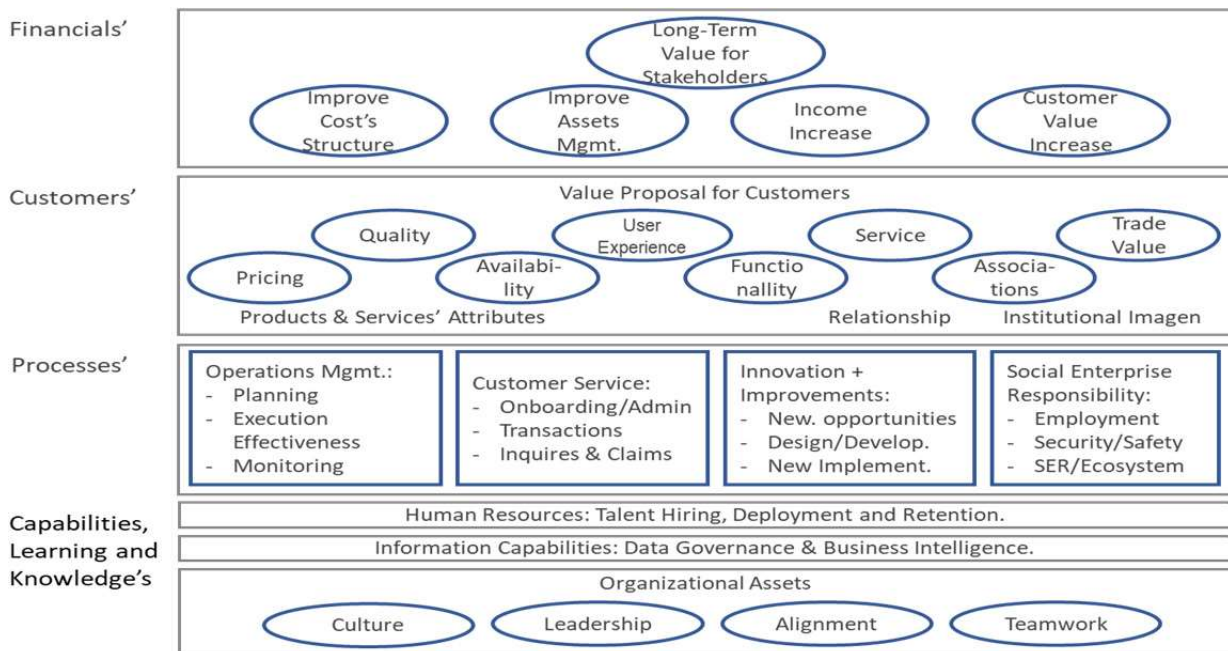
The top-down hierarchy can be different according to the type of organization. For the private sector the financial result is on the top as result of the others, and for the public sector the Customers or Stakeholders are on the top as the result of the others. (See Figure 12)

**FIGURE 12  
PRIVATE SECTOR VS. PUBLIC SECTOR HIERARCHY**



To review these concepts, we will walk through a Bank example, but the same approach can be done in any other type of company. (See Figure 13)

**FIGURE 13  
BANK STRATEGIC MAP EXAMPLE**



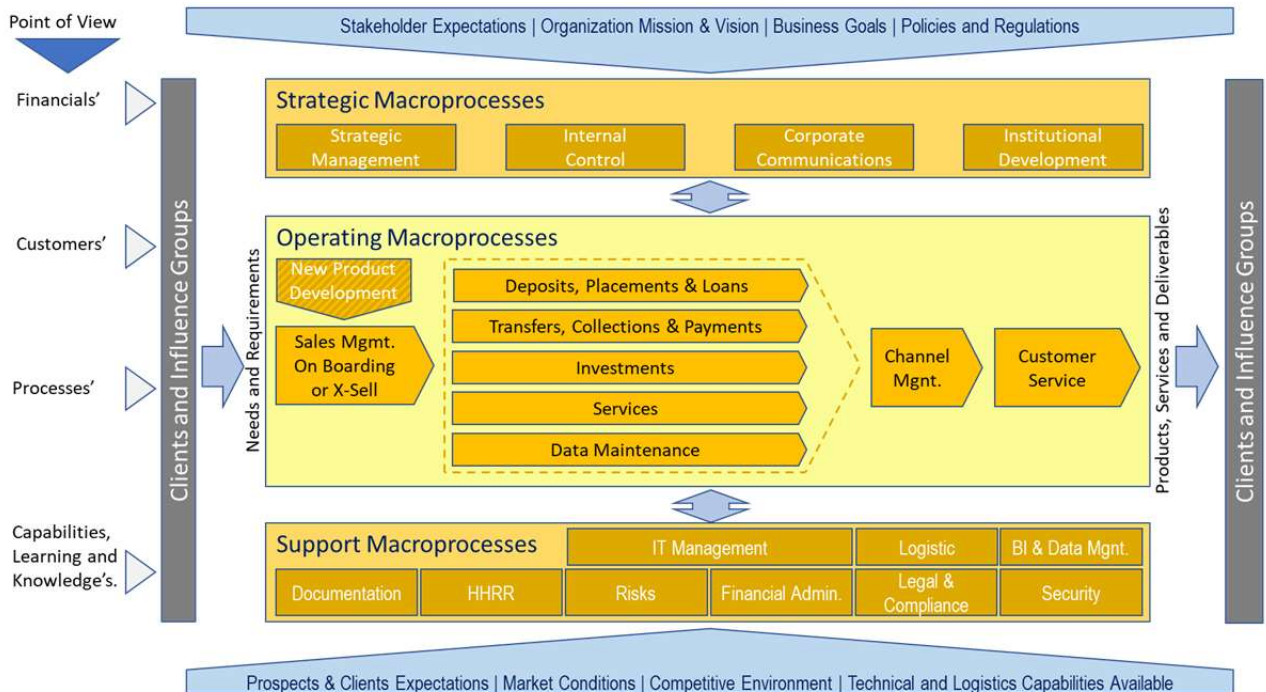
## MACROPROCESSES (EXAMPLE)

As we have previously proposed for the Strategic Map, we will continue the explanation of the Macroprocesses based on the same Banking example. In this way it will be easy to review the relationship between all this tools landing in a concrete example the model under analysis.

In the Banking macroprocesses representation (See Figure 14) we follow the design criteria presented in the previous topics:

- Input – Processed – Output model (Figure 3), with the Customers and Influence Groups needs and requirements, then transformed by the Macroprocesses to deliver products and services to the Customers and Influence Groups.
- The Chain Value model based on the sequence of Macroprocesses to add value to transform the need or requirement in the product or service offered. We split these processes in two types: Primary and Support. We represent the Primary in the center showing the Operating Macroprocesses directly involved in the product or service transformation, and the other non-Primary Macroprocesses grouped in the strategic layer shown on the top or support related represented in the bottom (Figure 5 and 6).
- We also included two extra influences, represented by the light blue top and down arrows.
- Finally, we introduce four perspectives (in the left column) that represents different point of views: Financials, Customers, Processes and a group of organization assets related to the Capabilities, Learning and Knowledge. The challenge is to combine and articulate them.

**FIGURE 14**  
**FULL BANKING MACROPROCESSES EXAMPLE**



## THE BALANCED SCORECARD

### According to the Balanced Scorecard Institute (BSI)

The balanced scorecard (BSC) is a strategic planning and management system that organizations use to:

- Communicate what they are trying to accomplish
- Align the day-to-day work that everyone is doing with strategy
- Prioritize projects, products, and services
- Measure and monitor progress towards strategic targets”

The name “balanced scorecard” comes from the idea of looking at strategic measures in addition to traditional financial measures to get a more “balanced” view of performance. The concept of balanced scorecard has evolved beyond the simple use of perspectives and it is now a holistic system for managing strategy. A key benefit of using a disciplined framework is that it gives organizations a way to “connect the dots” between the various components of strategic planning and management, meaning that there will be a visible connection between the projects and programs that people are working on, the measurements being used to track success (KPIs), the strategic objectives the organization is trying to accomplish, and the mission, vision, and strategy of the organization. (Balanced Scorecard Institute, n.d.)

#### *Four Perspectives*

As we previously introduced, there are four relevant perspectives to analyze the Organization dynamic, set up the goals and targets, and review the performance:

- Financial: related to the financial performance and the resource assignment
- Customer & Stakeholders: from the point of view of the target Customers and Stakeholders served
- Internal Process: related to the quality and performance efficiency to produce the products or services that are offered
- Organization’s Capabilities, Learning and Knowledge includes human capital, infrastructure, technology, culture and the engagement and capacity to improve and innovate

#### *A Proposed Path to Guide Efforts and the Information to Review, Adapt and Improve the Process*

Just as it is necessary to outline the proposed path to adequately guide the organizational effort, it is also necessary and useful to establish goals and relevant indicators we can measure to review and adapt our action to achieve greater effectiveness. Capitalize on learning and encourage continued improvement, have a better understanding of gaps and opportunities, and propose initiatives that will help to overcome them and adjust the action plan.

For an effective Management, capable of taking a strategy into action, it is key to achieve a correlation between: the objectives, the decisions, the management of the execution processes and the contribution and implementation of improvement or innovation initiatives ... with an interpretation of the information supported by the measurement of key indicators.

Relevant and timely information from different parts, stages and partial results, which can be conveniently grouped to promote a comprehensive and general understanding.

### **KPI (KEY PERFORMANCE INDICATORS)**

The KPO.org sponsored by the BSI (Balanced Scorecard Institute) says:

For each objective on the strategy map, at least one measure or Key Performance Indicator (KPI) will be indented and tracked over time. KPIs indicate progress toward a desirable outcome. Strategic KPIs monitor the implementation and effectiveness of an organization’s strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency.

Key Performance Indicators (KPIs) are the critical (key) indicators of progress toward an intended result. KPIs provides a focus for strategic and operational improvement, create

an analytical basis for decision making and help focus attention on what matters most. As Peter Drucker famously said, «What gets measured gets done». (KPI.org, n.d.)

The organization set up targets including the proposed performance level and track the progress against this value. To evolve and improve the organization can define some leading indicators that operate as precursors of future success, and can review the lagging indicators to verify the success in the past or gaps that allow the analysis of the evolution, trends and the current status, as well as to review and adapt the action plan based on the best practices or lessons learned. Managing with KPIs often means working to improve leading indicators that will later drive lagging benefits. Leading indicators are precursors of future success; lagging indicators show how successful the organization was at achieving results in the past.

The initiatives proposed and implemented may also be connected with a set of KPI to be able to review the work-in-progress performance and the final contribution offered.

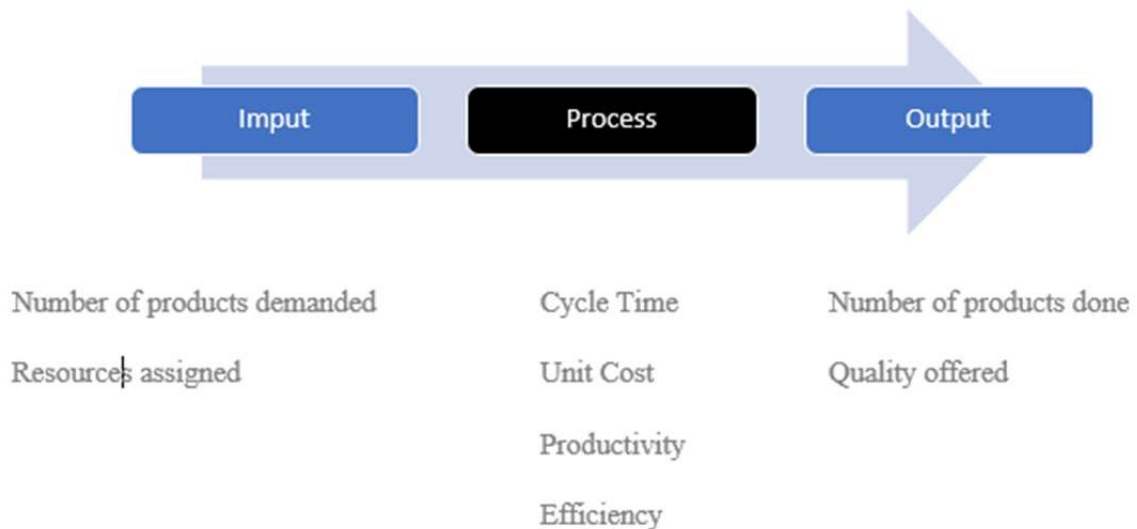
The KPI.org also remarks some main characteristics associated to useful KPIs:

- Provide objective evidence of progress towards achieving a desired result
- Measure what is intended to be measured to ensure successful decision making
- Offer a comparison that gauges the degree of performance change over time
- Can track efficiency, effectiveness, quality, timeliness, governance, compliance, behaviors, economics, project performance, personnel performance or resource utilization
- Are balanced between leading and lagging indicators. (KPI.org, n.d.)

### Strategical and Operational Result

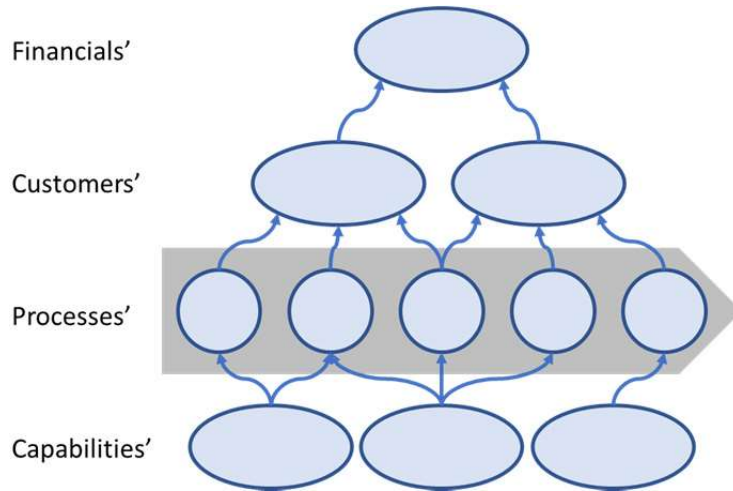
The organization needs to measure the progress considering Operational and Strategic Measurements. According to the basic model proposed (Input – Process – Output), the Operational Measurement can consider, for example: number of products demanded and resources assigned (input stage), some typically performance metrics as cycle time, unit cost, productivity and efficiency (process stage), following by production indicators as the number of products and the quality offered (output stage). (See Figure 15)

**FIGURE 15**  
**BASIC EXAMPLE OF OPERATIONAL PROCESS AND KPI**



Considering the Strategic Map approach organized by layers with the four mentioned perspectives and the Value Chain Macroprocesses proposal, we can explain how different Processes KPIs drive an Operational result, but also the relationship between this layer with the other ones in order to achieve the final results as desired by the Organization. (See Figure 16)

**FIGURE 16**  
**KPI'S RELATIONSHIP REPRESENTATION**



**HOW TO LINK STRATEGY AND OPERATION AND DEFINE CONSISTENT AND SUSTAINABLE PROPOSALS**

We have previously referred to different top-down levels to define the Organization targets, starting by the more general strategic definitions that can be represented consistently by the Strategic Map, followed by the Balanced Scorecard (BSC) as a strategic planning and management system, and finally the Key Performance Indicators (KPIs) as critical indicators of progress toward an intended result that provides focus and allow analysis for strategical and operational improvement.

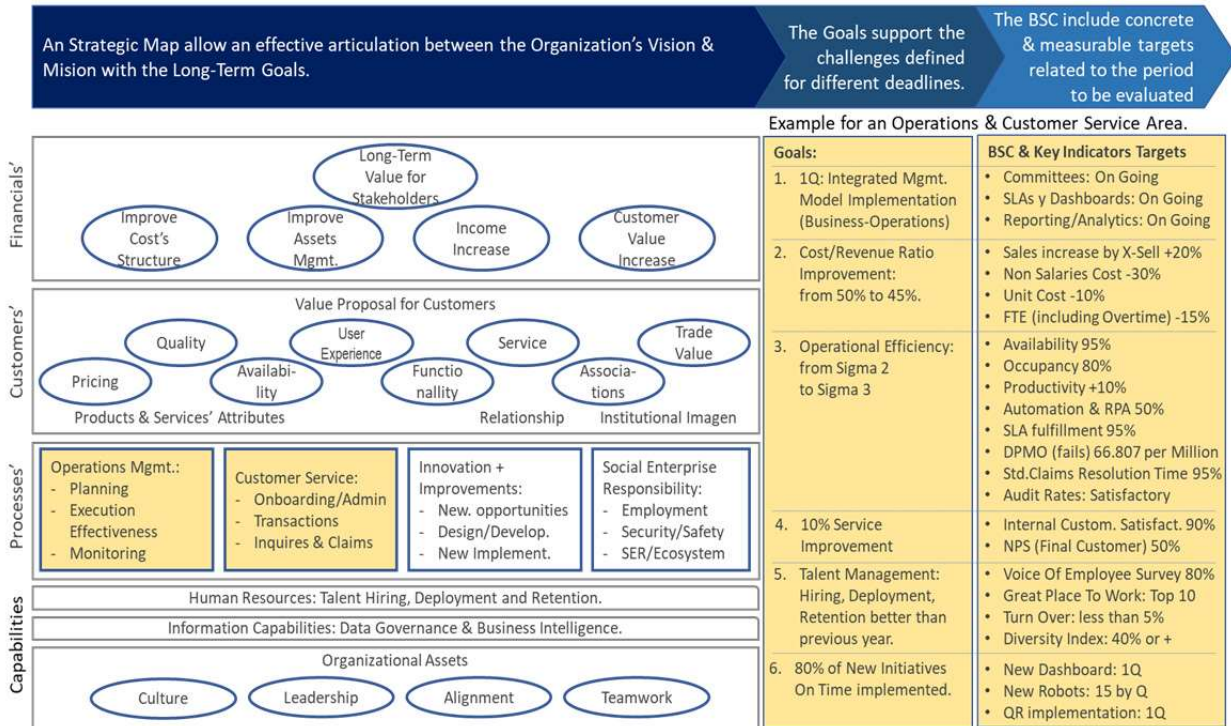
The Strategic Map, the Goals setting articulated in the Balanced Scorecard (BSC), and the Dashboards & Key Performance Indicators must be consistent. The top conceptual and long-term sustainable definitions provide a guideline for other layers, and the concrete results measured by the Key Performance Indicators (KPI) drive the Goal achievement that contributes for the proposed Mission and Vision. (See Figure 17)

**FIGURE 17**  
**STRATEGIC MAP, GOALS & BSC, DASHBOARD & KPI RELATIONSHIP. TOP DOWN MIX**



Continuing the walk through in the Bank selected case, in the following chart we show an example of how this approach is deployed in the real world. (See Figure 18)

**FIGURE 18**  
**BANKING EXAMPLE CASE: STRATEGIC MAP, GOALS, BSC & TOP KPI TARGETS**



**HIGH LEVEL PROCESS REVIEW & TRANSFORMATION CASE EXAMPLE**

**Corporate Taxonomy**

The Corporate taxonomy is the hierarchical classification of entities of interest of an enterprise, organization or administration, used to classify processes, activities, documents, digital assets and other information/data.

It defines a comprehensive top-down classification, starting with a limited number of Business Domains to complete incremental details by layer.

Ideally, a full assessment of all processes in the organization can be done, but the cost-benefit ratio will need to be considered. It is more feasible to define a maximum scope required and complete it in several progressive phases offering incremental deliverables.

Different criteria for a progressive/incremental approach:

- Vertical: Intensify the assessment in some business or businesses defined domain.
- Horizontal: limit the assessment focused in some selected intermediate levels across different domains.
- Combined: When it is possible, chose some businesses domains to review by the Vertical and Horizontal approach.

Even when the Organization wants to target the full assessment of all the Domains and Layers, it is recommended to move on progressively according to priorities, risk reduction or efficiency/benefits, opportunities hypothesis, compliance matters or available capability

**HIERARCHY AND TAXONOMY LAYERS**

We propose the following top-down hierarchy levels:

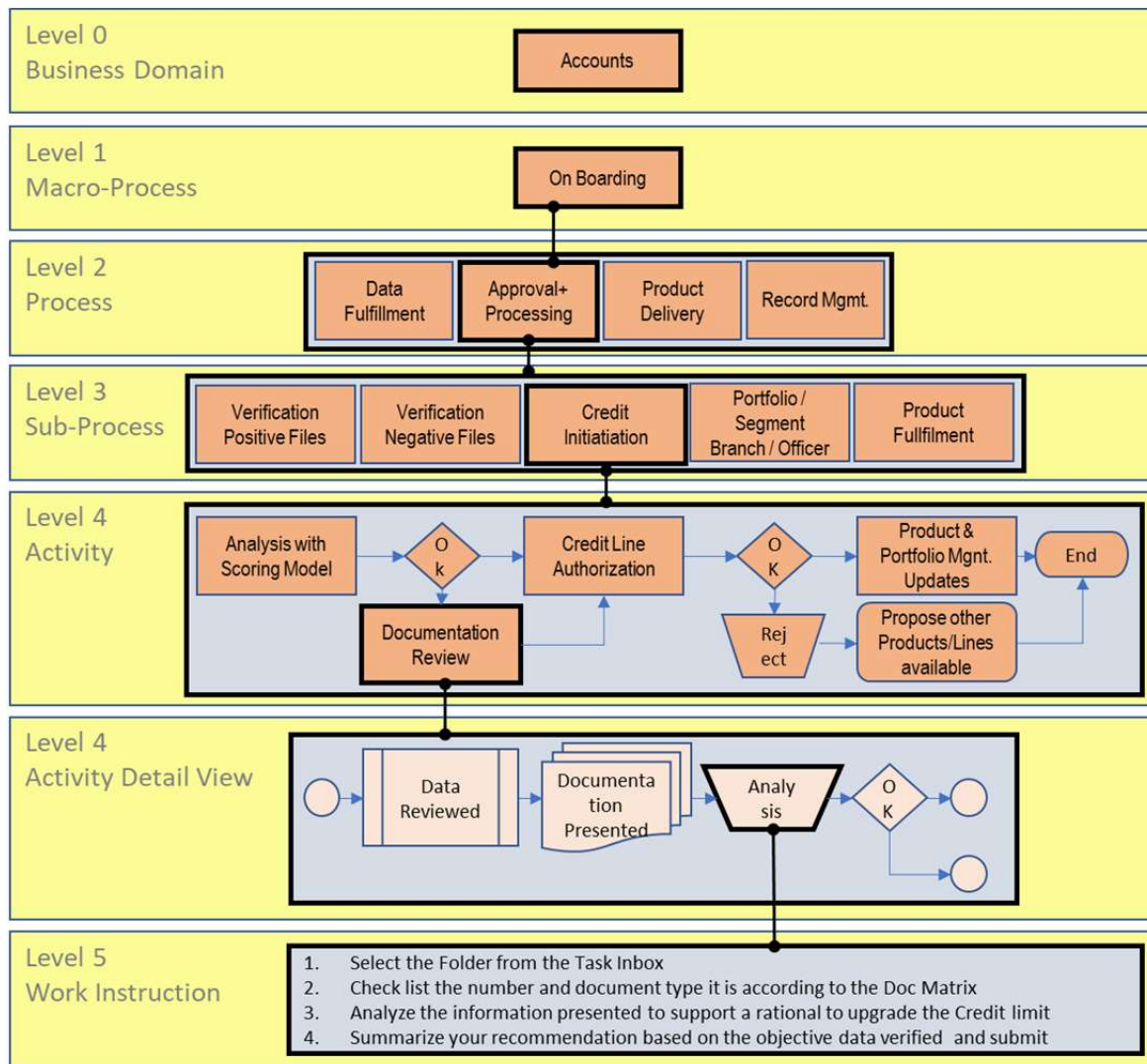
- Level 0: Business Domain

- Level 1: Macro-Process
- Level 2: Process
- Level 3: Sub-Process
- Level 4: Activity Detail, that can be represented overall or detailly
- Level 5: Work Instruction

**Example**

We will continue with the Bank example to facilitate a consistent explanation. Also, we select a deep dive option related to the Sales & On Boarding Macro Process, because the basics are usually known by others and no internal banking experience is required. Even for the people who don't know about this process (either from a bank employee or customer point of view), this example will be easier to understand or compare with some other known On Boarding process (See Figure 19)

**FIGURE 19  
BANK SALES & ON BOARDING PROCESS AS PART OF A DEFINED TAXONOMY**



## **Real Case**

Based on a Real Case, we will review some initial status including Pain Points and Business Needs, that will configure our starting point to review processes improvements that will rise-up the KPIs (Process or Operational Perspective) supported by new or improved capabilities (Capabilities' Perspective), that will drive the Customer Experience increasing the satisfaction and loyalty (Customer's Perspective), that allows desire results in terms of income increase and cost reduction.

## **Pain Points**

The following pain points were identified:

- Strategy: Inconsistently Sales Efforts vs Organization's long-term goals.
- Customer Experience: It depends on the channel, product & front-end representative.
- Documentation: Under Doc. and Over Doc., and quality lag.
- Papers: Physical document demand impacting the critical path, logistic, manipulation and storage requirements.
- Errors & Fails: Lot of cases demand a repair or extra data.
- Lead Time: Unsatisfactory. Difficulties to predict, track, poor standards.

## **Business Needs**

The following business needs were assessed:

- Strategy: Tactical Sales Efforts to leverage the Long Time Goals results.
- User Experience: Omnichannel offering and consistently experience.
- Documentation: Minimum Docs. requirements from the beginning or just if there are demanded.
- Papers: Paperless Philosophy enabled by digital records and available data. Nonphysical records involved in the Critical Path, and process supported by technical tools that allow optimum results.
- No or Minimum Errors & Fails: End-to-End Quality Process Approach, avoiding loops and extra efforts (re-work).
- Lead Time: Competitive, Predictable, Standard, Trackable and according to Customer expectation.

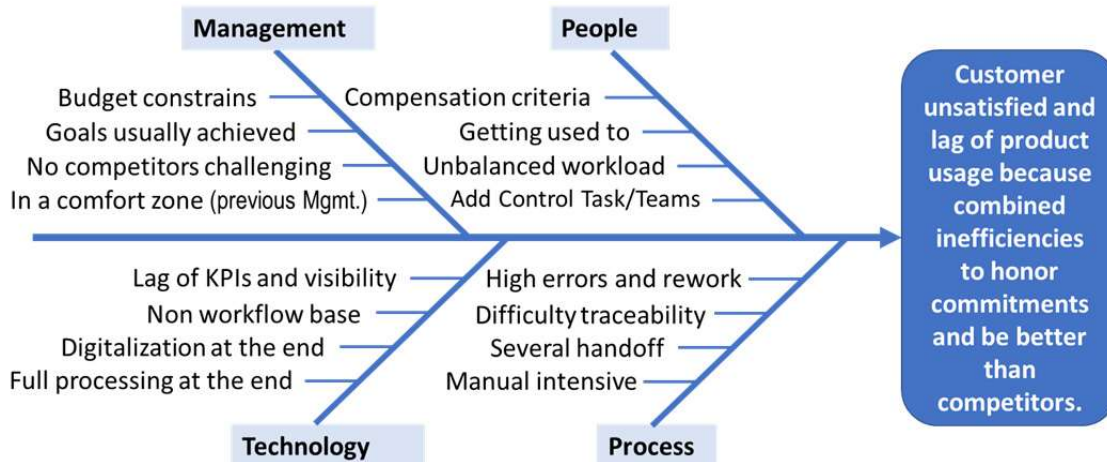
## **Analysis**

Before a Management change the challenge to improve the process was assigned to a Process Reengineering & Quality Team, some basic analysis was done trying to assess the status and deep dive in the root cause analysis and propose solutions integrated to an implementation roadmap to be approved and execute.

The following cause-effect, fishbone or Ishikawa Diagram summarizes the main reasons for the inconsistent and poor results that were achieved. (See Figure 20)



**FIGURE 20**  
**CAUSE-EFFECT ANALYSIS DIAGRAM SUMMARY**



The analysis was easy to complete overall but difficult to assess the figures because inconsistency between the available procedures vs. the real process, the high variability according to the case, people and circumstances, the gap of KPI and the inconsistent results vs. the KPIs available (even when each party were over the Standard considered in the Service Level Agreement, the average end-to-end time duplicated the Target Cycle Time that was ad-hoc measured during the exercise to have real data). Of course, those difficulties and issues “per-se” were integrated to the problem under analysis.

**Some Interesting Findings**

- The metrics just consider the happy path and no the re-work
- The total time was assumed adding the average partial time measure of each stage to perform the activity, but not the waiting time before starting the process or after the process if it did not immediately pass into the next stage.
- Focused in the own partial metric targets each group itself defined the criteria to collect the data and usually considered between the core activities started and ended but did not consider the backlog if it was stored before the core pipeline.
- Because the efficiency criteria was driven by the department and individual target accomplishment and the successfully cases or did not have the same weight, the people maintained or increased fictitiously moving cases fast to the next station even with omissions or fails, or quickly rejected a case at the first gap finding (not detecting all the potential gaps presented) even when it could be repaired.
- The process was manually intensive and not supported by a business process flow tool, so all the documentation was based on forms and papers integrated in a physical folder that was moved end-to-end throughout the process, demanding logistics discrete efforts to connect the distributed branches with the central areas (Credit and Operations) and an external warehouse.
- A track form was included to follow a defined process, but this information allowed to assign the folder to the required process but was not end-to-end tracked and no status visibility was offered.
- A completion matrix guideline document was offered to the sales people to help them double-check if all the steps and documentation were completed previous to pass the folder into the next step, but it was not bullet-proved, because there was poor standardization and high discretionary gaps between the criteria of completion that created a high numbers of exceptions, fixes and rejections.

- The rejected case went back to the previous stage and so on to return to the sale's person who started the process. All this back and forth process demanded extra time and effort and usually the cases to be returned, fixed and re-enter were not prioritized.
- To reduce the number of rejections and this extra time / effort that was demanded, new control task and units were applied to the process adding cycle time, cost and complexity.
- The multiple hand-off based on a discrete logistic process generated bottlenecks when the cases arrived.
- The monthly target cycle and the way to compensate the commercial force induced to concentrate more cases near to the cut-off date creating an unbalanced workload. Additionally, some sales representatives used to stock the transactions in their drawers when the incentive for extra cases was not enough or waited until some extra bonus for the last mile accomplishment was announced. Also, this stocked transaction was sometimes offered to a colleague or held for the following month, mainly if the expectation was that the new target was incremental and/or the compensation was increased.

### Approach

The approach involved two interrelated criteria and trends, looking for implementations that allowed a progressive win-win model combining:

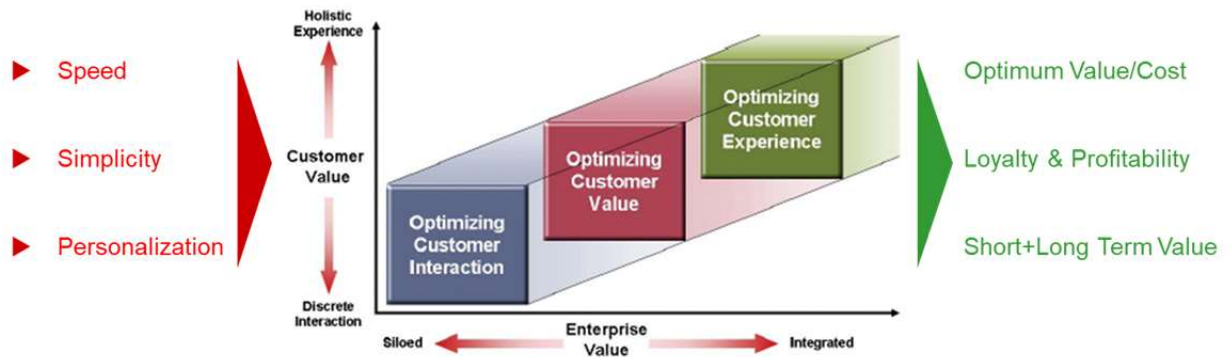
- Value for Customer remarkable experience
- Value for Enterprise to be competitive, profitable and sustainable

The following chart shows these guidelines (See Figure 21)

**FIGURE 21  
TRANSFORMATION GUIDELINE REPRESENTATION**

#### Two interrelated trends:

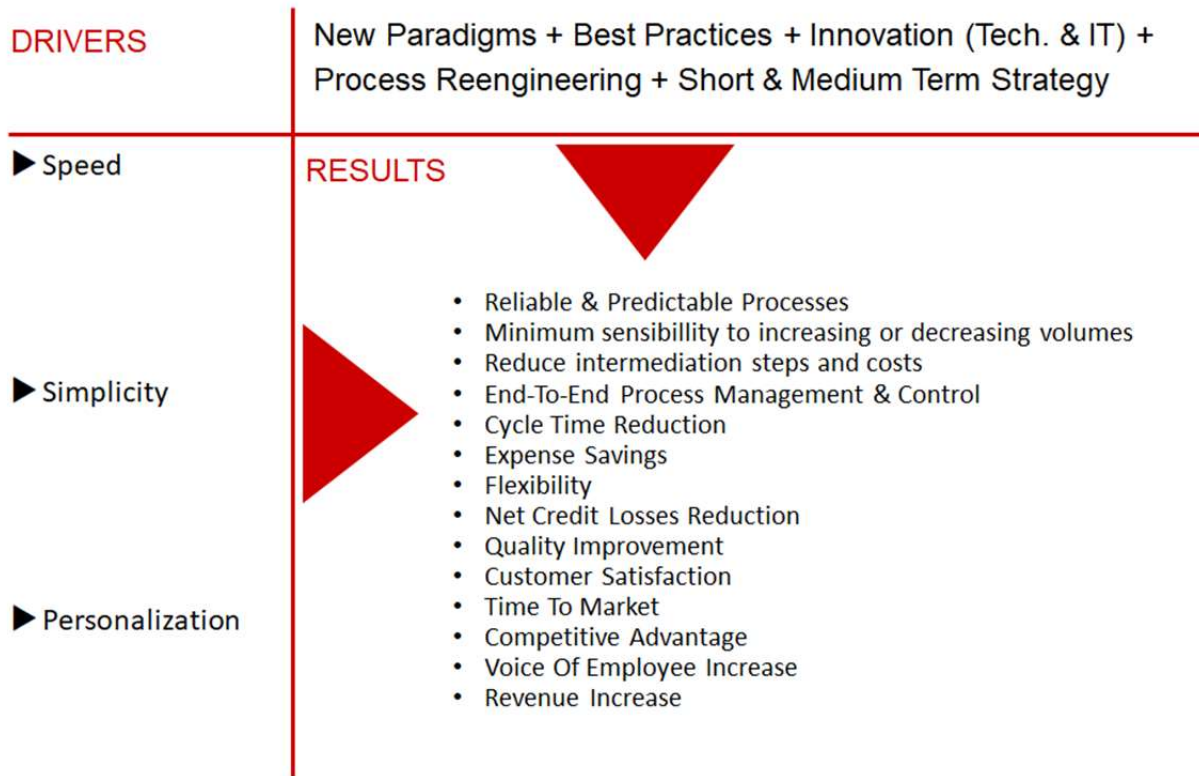
1. **Organizational Integration:** The movement from isolated, or soloed Customer contact channels, process and technologies to a more integrated process, infrastructure and organization.
2. **Holistic Experience:** An evolution from the management of discrete Customer interactions to the creation of a holistic Customer experience according to the Customer Expectations: ▶fast ▶simple ▶personalized.



- **Level 1:** **Optimizing Customer Interaction.** Maximize the efficiency and productivity of each Customer interaction.
- **Level 2:** **Optimizing Customer Value.** Companies become more sensitive to the total lifetime value of the Customer and potential for cross-selling and up-selling.
- **Level 3:** **Optimizing Customer Experience.** The focus expands to include the delivery of a seamless integrated experience across the major Customer touch points."

Doing a “double click” to deep dive these concepts we can show the following concepts represented in the next chart (See Figure 22)

**FIGURE 22  
PROPOSED DRIVERS & RESULTS**



What we considered when we referring to:

Speed

- First Contact Resolution
- Instant Approval & Delivery
- Non or Minimum Wait Time
- Process and Cycle Time Fit to Critical Steps (eliminate wasted time)
- STP (Straight Trough Processing) Platforms

Simplicity

- Consistent Experience trough different channels and products
- Maximize platforms and applications convergence and integration
- Re-use available data without extra input or documentation (minimum requirements)
- Self-Serve capability for most of the Customer and Prospect interactions
- Minimum Fulfillment Requests and assisted / controlled input prompts
- Two Way Interaction on all the channels & On Demand assistance

Personalization

- Customer knowledge and service / delivery set up according to preferences
- Micro segmentation according to Customer Profile and Business Rules
- Consistent criteria supported through different processes and End-to-End steps (for example: Customer segment or CNR -Customer Net Revenue- priority across: Sale-Processing-Service-Delivery stages).
- Customer Multi Factor & Biometric Authentication (example: fingerprint and voice printing)

Some other main criteria to drive this transformation:

- Customer centricity (Customer Value First)

- End-to-End straight through processing implementations (one shot or trough progressive phases)
- Disintermediation
- Paperless philosophy
- Digitalization at front

### Proposed Opportunities

The following Table shows the main type of opportunities and proposed solutions. (See Table 2)

**TABLE 2**  
**TYPE OF OPPORTUNITIES AND PROPOSED SOLUTIONS**

 Overall Mgmt. alignment	 Standardization	 Digital at front
 Process redesign	 Increase positive volumes	 Key automations
 Organization reconfiguration	 Waste reduction	 End user applications
 Centralization if appropriate	 Quality assurance	 Self service information (1)
 Omnichannel experience	 Productivity	 Robotization (2)
References:		 Business Intelligence (3)

(1) Chatbot were not available, but other basic interactive solutions were implemented

(2) Robot Process Automation solutions were nor still offered, but some Macros were implemented for repetitive activities

(3) Artificial Intelligence were not available, but several complex analytics models were implemented to support the Business Intelligence

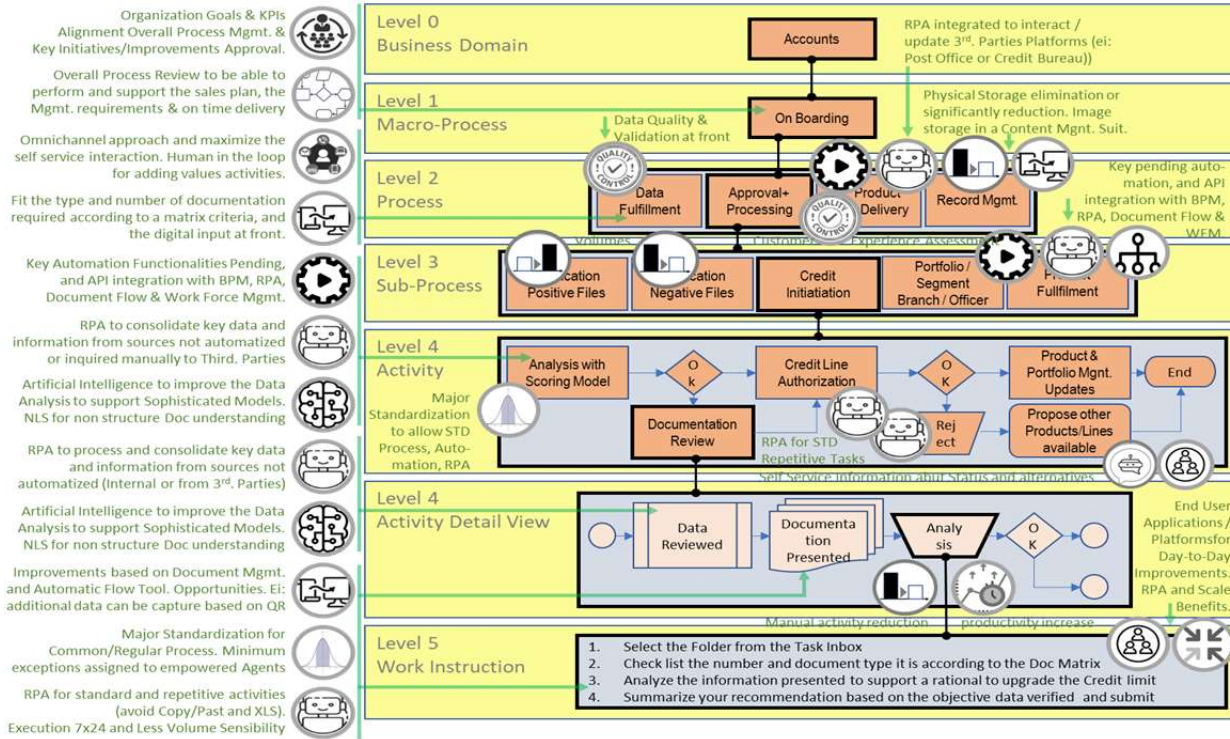
### Hit Map

Going back to the process taxonomy, taking in consideration the chart previously presented (Figure 19) and applying the proposed opportunities and solutions in different layers and sub-processes or activities, we represent a hit-map in the next chart. Some of the initiative's/solutions' icons are repeated because the same solution applies for different stages or different specific solutions are under the same category.

All identified opportunities and solutions are represented, and their prioritization for implementation will be shown.

To allow a better understanding, a brief explanation was included (See Figure 23)

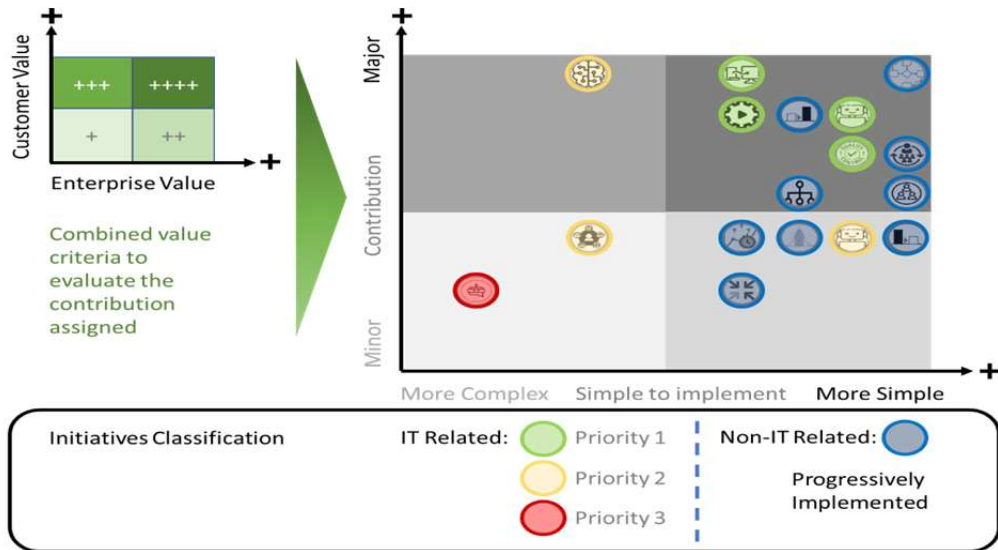
**FIGURE 23**  
**OPPORTUNITIES AND SOLUTIONS PROPOSED ACROSS LAYERS AND STAGES**



**Prioritization**

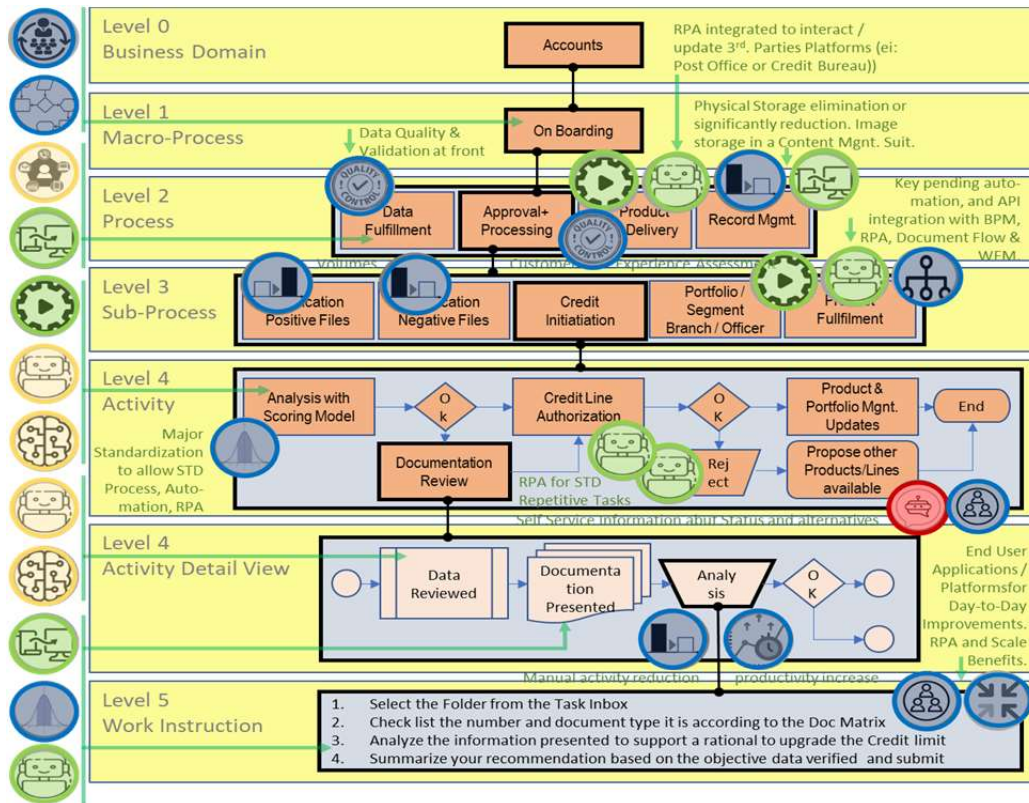
In order to define a prioritization of the opportunities and solutions according to the Approach previously presented, the following Prioritization Process was proposed, combining two main criteria related to Contribution (considering Customer Value & Enterprise Value), and Complexity / Effort associated to the solution under analysis. (See Figure 24)

**FIGURE 24**  
**PRIORITIZATION PROCESS**



So, if we return to the Hit Map where we applied the initiatives and proposed solution to the taxonomy chart and add the classification, the Weighted Hit Map is shown. (See Figure 25)

**FIGURE 25**  
**WIGHTED HIT MAP**



## Sales Process Transformation

Now we deep dive into the transformed Sales Process showing the pervious and post transformation status and results, and some considerations.

### Pre-Transformation Facts

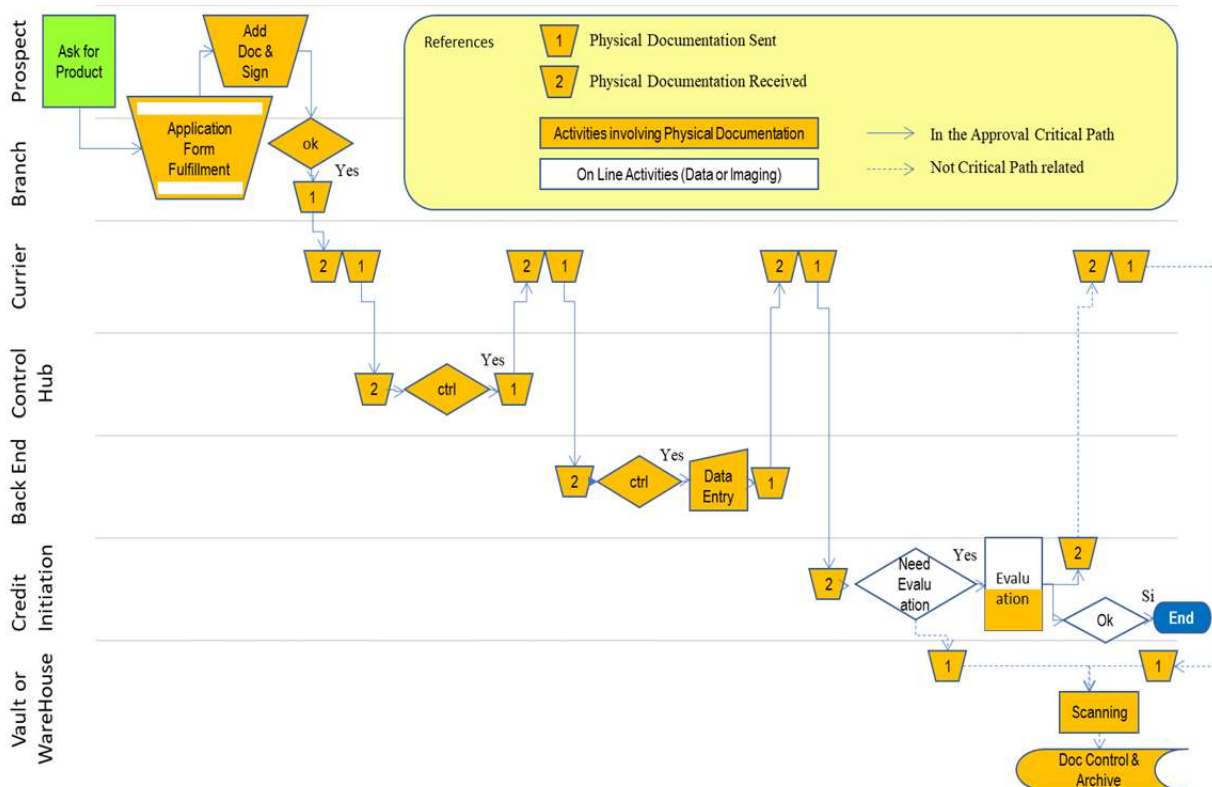
- Customer dissatisfaction
- Cycle-time: avg. 21 days
- High Cost (internal, third parties & supplies)
- Poor data quality because an inaccurate data fulfillment
- Inventory lag: the forms used usually includes expired versions
- Documentation issues (missing, over or under documentation attached).
- Control gaps in the Front End and ineffective intermediate control hub
- No consistent metrics end-to-end
- 50% of non-satisfactory Cases (need to be fixed, or some extra data, and usually rejected)

### Pre-Transformation Cross-Functional Process Map

The following chart shows the pre-implementation status. Only the “happy path” is represented. The rejections basically retrace the sequence from the last point achieved where the rejection was applied and need to complete the reverse circuit step-by-step usually to the start point.

We identified also the manual and the online activities, and the critical path based on the physical documentation needed to go ahead with the process tasks. Several manual controls were disseminated through the full process some of which were performed by specialized areas and other were performed as a result of the hand-off. (See Figure 26)

**FIGURE 26**  
**PRE-TRANSFORMATION CROSS FUNCTIONAL PROCESS MAP**



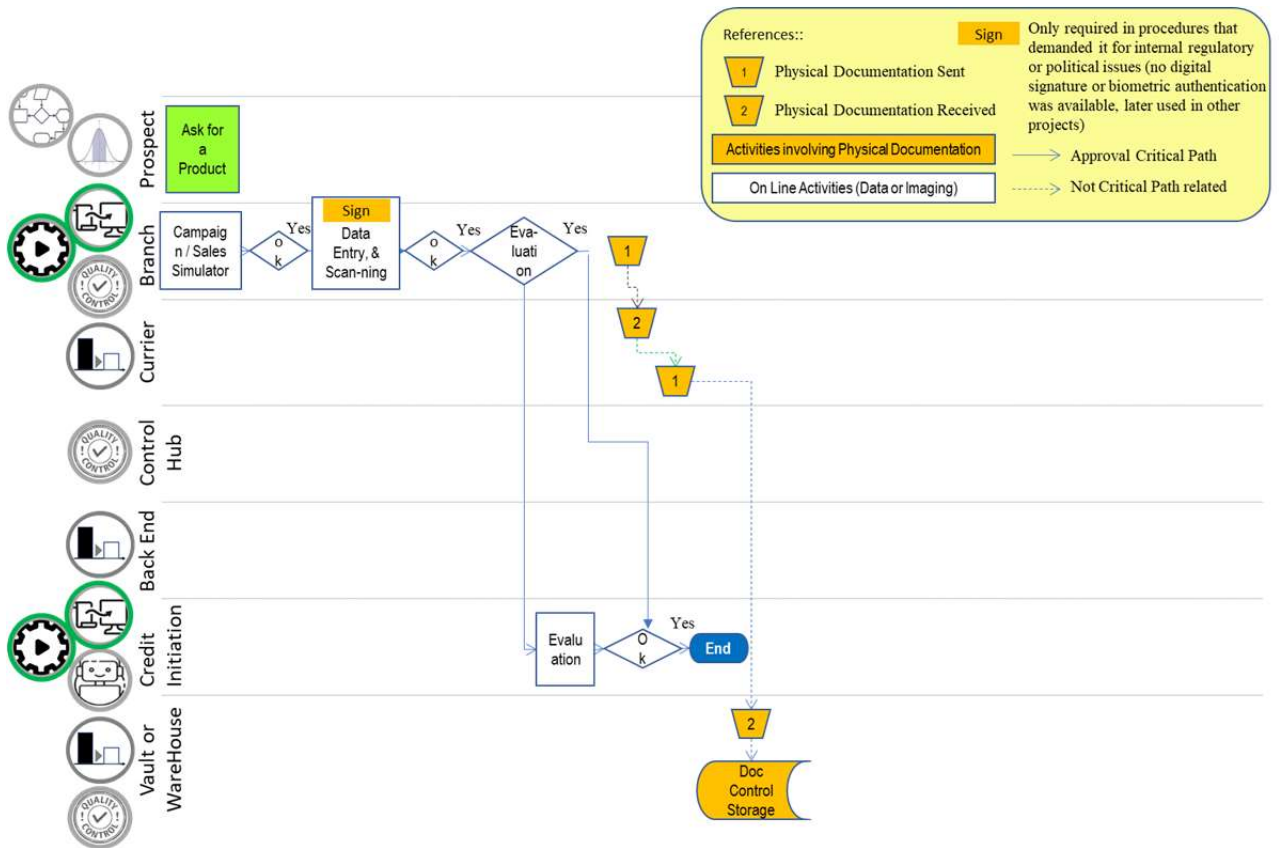
### Main Implementations Achieved

- Standard forms, check list update, and last version to be used accessible online.
- Campaign Management and Prospect/Customer information available and accessible for the Sales Officer.
- Most of the systematic controls at the Front End were automated
- Front End simulation run before fulfilling the application and if necessary, modifications were allowed (as an example, according to the simulation, if the credit line did not fit a suggestion was given or extra documentation to support the evaluation performed by Credit department was requested)
- Documentation signed & scanned at the Front and allowed to input online some extra documentation if it was required (with the case moving in the process pipeline).
- Paperless Process. Approval based on data and images. Non-Critical Path depending on Physical Documentation.

### Post-Transformation Cross Functional Process Map

The new transformed process was drawn reflecting all the implemented capabilities and process change. (See Figure 27)

**FIGURE 27**  
**INITIATIVES & POST-TRANSFORMATION CROSS FUNCTIONAL PROCESS MAP**



- The Green Circle shows the Initiatives that Demanded IT implementation.
- The Robot Icon in this case related to RPA (Robot Process Automation), including additional powerful advantages.



- The set of KPIs was implemented to gather data by stage, assess the success rate, performance, productivity, time and cost, for successful and rejected cases, and also an end-to-end metric allowing to compare the process result with the Customer NPS (Net Promoter Score) evolution.

### **Main Achievements**

Market Benchmark:

- Competitiveness: #1 (Market Leader).
- Relative NPS (Net Promoter Score) vs. Peers Competitors: #1

VOC (Voice Of Customer):

- NPS (Net Promoter Score): from 26% to 39%
- Overall Satisfaction: 98%
- Courtesy: 98%
- Waiting Time: 78% | 83% (Premium)
- Ability to Solve in Time: 93%

VOP (Voice Of Process):

- Approval Rate: 86%
- Rejections because formal reasons: 1 digit
- Avg. Time (Sale + Approval + Delivery): 2.4 days
- Avg. Total Time (including post-office): 5.3days
- Available Just-in Time approval if it is required (1 hour), including on site active Card embossing
- End-to-End Process KPI & Dashboard implemented
- Eliminated hand Off & Over Control
- Huge Cost Reduction (Internal or Third Parties' efforts, supplies inventory & scrap)

### **“Waste” Elimination Based on the Transformation Improvements**

Considering the type of “waste” to be eliminated according to the Lean Methodology approach, we can summarize this improvement in the following way:

1. Transportation:

Pre-printed forms were eliminated, and the required paperwork was significantly reduced. By managing the analysis and approval by image and data flows, the Print Copies were removed from the critical path. Logistics requirements were reduced by 70% (less volume and less frequency)

2. Wait:

Simplification of the Process and disintermediation that allowed a more fluid execution. With the highest quality from source and at every step, unnecessary controls and bottlenecks were eliminated. The distribution of tasks was optimized and allowed to be focused on value activities. A higher level of automation and standardization, such as the elimination of failure opportunities, make the execution time adjust to those foreseen and give maximum predictability to the planning. It was also available for an express execution with a complete, immediate and definitive resolution, in case it was required.

3. Overproduction:

The existence of pre-approved campaigns and the possibility of a previous simulation with the Client at the beginning of the process to avoid making sales that will not have a successful end, generating an overproduction of cases in the Front and an increase in rejections or subsequent adjustments for their eventual approval. The load balance between Departments, and the concentration of procedures that normally accumulated close to the month cut-off date based on which the commissions and prizes were calculated, were avoided.

4. Defects:

The use of the data available online and pre-approved conditions in most cases, the

simulation to evaluate viable alternatives, and the online entry of data and documents scanned following a check list, practically eliminated formal errors, failures or omissions.

5. Inventory:  
Inventories of physical forms were eliminated by on demand printing, personalized with the data provided by the System or controlled input, with all that implies its generation, distribution, administration and destruction of those that were not to be retained.  
It also avoided the practice of some sales representatives that used to stock their sales for the following month. Now sales were carried out according to the sales target evolution and the amount or type required for each cut-off, regardless the offering of extraordinary rewards.
6. Movements:  
By having all the data and documents required for analysis, approval, processing and generation, all the movements and handrail that existed in each sector were eliminated along with the delays and occasional loss of documentation.
7. Reprocessing:  
By ensuring high quality at the source and at each step of the process through online controls, the need for reprocessing was almost eliminated. Eventually if a missing or additional data was required, or the incorporation of new documentation, the Flow had planned its direct address to the person involved and the possibility of doing so based on the process in progress.
8. Underutilization of the human capital:  
Sales representatives and Analysts were benefited by offering the possibility of concentrating on the tasks that contributed the greatest added value, increasing sales levels, productivity, and finally the satisfaction, preference and loyalty of the Customers that became promoters of the products and services they purchased, expanding their relationship with the Bank and recommending new prospects.

### **Best Practices and Lessons Learned**

This process transformation from was successfully implemented on time and within the expected costs. The digital solution integrated own and third parties' platforms. The rollout was accelerated providing Multi-Function Devices (to scan or print) for each Officer by a leasing agreement. The new tool adoption was very intuitive for the end-users. The change management process was a key success factor together with the monitored adoption, reinforcement and non-technical support.

The Front End was leveraged to be able to:

- Provide full information access including campaigns, 360-degree Customer vision, alerts and recommended products.
- Perform simulations and controls prior to the sale process to be certain about the results avoiding rejections and re-work
- Scanning capabilities integrated at the Front End to upload indexed documentation demanded for every case
- End-to-End Automatic Process Flow to manage case tracking progress, performance and results

New Form implemented:

- Considering the pallet of products offered, the data required by case type, and updated terms & conditions or legal disclaimer.
- The on-line form could be modified at any time (for instance, when some new wording was requested by the legal department), avoiding rejections because of formal reasons.
- The same form was integrated to the Front-End Application and could be printed on demand. The recommended procedure was to fulfill the data online and integrated with other solutions for automatic data verification.

#### Check List:

- A review was performed involving different subject matter experts from: sales, credit, operations, legal, compliance and technology departments, to challenge the process and the data/documentation effectively a Check List Matrix was prepared to show all the requirements to be fulfilled according to the case. These criteria were also applied to the Front and Back End processes and procedures.

To proceed with the case the Officer had to complete the Front-End data/selection, integrated to the scanned and indexed documentation, and complete a check list to verify that all the requirements were covered.

#### Paperless work Philosophy:

- Whenever possible, Documentation was not required and in case it was needed this was removed from the critical path for approval. Handoff and wasting time eliminated.

#### **Summary of Key Results achieved based on the Process Transformation**

- Customer remarkable experience
- Competitiveness: Ranked #1
- Quality improvement: +50%
- Approval rate increase: +50%
- Total time reduction: -75%
- Express sales: 1 Hour from fulfillment to embossing the definitively active Credit Card embossed in the Branch.
- Huge cost reduction (Internal & Third Parties)
- Sales increased
- Customer profitability Increase
- Bottom line business margin result increase

#### **CONCLUSION**

This document addresses the importance of having clear answers to the right questions to be able to define the vision, mission, long term goals and the strategy of the Organization. Although not all Organizations have this as an undergoing process, the companies that do have usually perform better and obtain better results. This document also reviews different approaches and methods to define the strategy, design it by articulating different hierarchies and perspectives to drive the desired result, identify the value chain and related activities to produce value and some ways to optimize this operational process. Finally, it presents some ways to set-up balanced targets and KPI (Key Performance Indicators) that allows to measurement of the results, the need to adapt and evolve, visualize trends and to identify the improvement, innovation and transformation opportunities.

The adoption of known ideas, combined with some new contributions, are presented in a connected manner looking for the way to leverage the opportunity to integrate the strategy and execution, considering the processes at the core of the Organization and the idea of customer centricity.

In order to show how this theory is actionable so that can leverage the results in the real world, some examples and a developed case study were included together with some additional details and focusing in the way the transformation process was approached and executed achieving outstanding results.

All the given tools are a proposed way to integrate the strategy with the execution, to enable sustained results and a remarkable Customer Experience. Although useful at any time, this process is mandatory in these changing and challenging times.

We are undergoing a deep global scale crisis that present an inflexion point to quickly move to a 'New Normal' state. Some assumptions and on-going ways will reset, evolve or transform. Also, this new circumstance will offer a new scenario, where the models, players, relationships, certainty and facts of the past might not fit, and, most probably, will have to change. We need to review how to survive in the short term, but it is also creating a huge opportunity to plan what we will do and more over to propose an

hypothesis about where the world is going, how our customers, markets, products and services will evolve and will be transformed, and how we can lead with new contributions and excel ourselves with outstanding and competitive results.

## ENDNOTES

1. Translated by Julian Domergue
2. Translated by Julian Domergue
3. Translated by Julian Domergue
4. Translated by Julian Domergue

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