



The Monitoring Phase

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss how to implement and monitor process changes

The Monitoring Phase

Implementing Measures

Test Your Knowledge

What is measurement within an organization?

Why do we measure?

How do we measure?

What tools can help us measure?

How can we plan to measure?

What items can we measure in an organization?

What items does your organization measure?

Building Your Approach

When implementing anything new in your organization, it is important to determine how to measure the success of the approach. It is simply not enough to say that something is successful. You need to provide concrete examples to show how the changes have improved the performance of the organization and helped it reach its goals. But what do we measure in the case of processes? How do we measure their success?

Employee Feedback

One way to measure your success is with employee feedback. People within your organization are the driving force behind your processes and it is important to get feedback from them. Design surveys that measure people's opinion of and attitude toward your processes. In these surveys, you should also ask people what they think can be done to improve a process. This information may be highly subjective, but it may yield some great insights into what you can do to better your process. Furthermore, allowing people to give insight into an aspect of the organization encourages collaboration since they know that you value what they have to say.

What is Business Activity Monitoring (BAM)?

Business activity monitoring (BAM) evaluates how your business is performing by providing you with information about the health of your processes. Business activity monitoring software monitors processes in both real time (as they happen) and after completion to detect problems, diagnose the cause of the problem, and report on business operations.

Test Your Knowledge

Now that you have the definition of business activity monitoring, what might be some of the benefits of using it for your processes?

Does your business currently employ business activity monitoring?

Have you ever used business activity monitoring? If yes, describe your experience and the type of information the program provided about your process.

Benefits of Business Activity Monitoring
Identify Problems Sooner

By having data and information sent to you about your process, you can identify problems sooner. This data also enables you to see if your process is functioning properly and if your goals are being met. Business activity monitoring software is usually able to send daily data reports as well as alerts or warnings of potential problems with your process.

Make More Informed Decisions

By having data about the health of your process, you can make more informed decisions about changes. Remember, knowing the root of the problem will enable you to implement the correct solution.

Easier to Share Information

Business activity monitoring software makes it easier to share information about the status of your process. Conversations will center on how the process is doing and what can be done to optimize the process, rather than focusing on gathering information and analyzing it.

Purpose of Business Activity Monitoring

The purpose of business activity monitoring is to help you ensure your processes are operating at their most efficient level. In turn, this helps you ensure that activities that affect your bottom line, such as productivity and customer service, are done right.

Most business activity software packages can give you alerts or inform you of when your goals are not being met. For example, an automated e-mail could be sent when someone needs to take action in a process. This enables you to intervene in the process before larger problems develop.

Business activity monitoring software is usually designed to provide updates to upper management and operations managers. Often, these software packages communicate information through dashboards and visual indicators, making them easy to use and interpret.

Typically, business activity monitoring software measures success based on key performance indicators (KPI's). A KPI for a manufacturing company might be zero defects in the manufacturing process. For a call center, a KPI might be same-day response to customer inquiries.

KPI's are specific to your organization and are a reflection of what is important to your business. KPI's provide measurable goals that help direct your organization towards success. These goals can then be tracked and measured with business activity monitoring software.

The Balanced Scorecard

A balanced scorecard is a performance measurement technique that focuses on joining an organization's strategies to specific measures. Its aim is to give us feedback on how successful a strategy or process is performing. Developed by Robert Kaplan and David Norton, this technique focuses on four perspectives: financial, customers, internal business processes, and learning and growth. Notice that all but one of these measurements are intangible. The balanced scorecard approach moves away from traditional accounting to encompass the intangible assets of an organization.

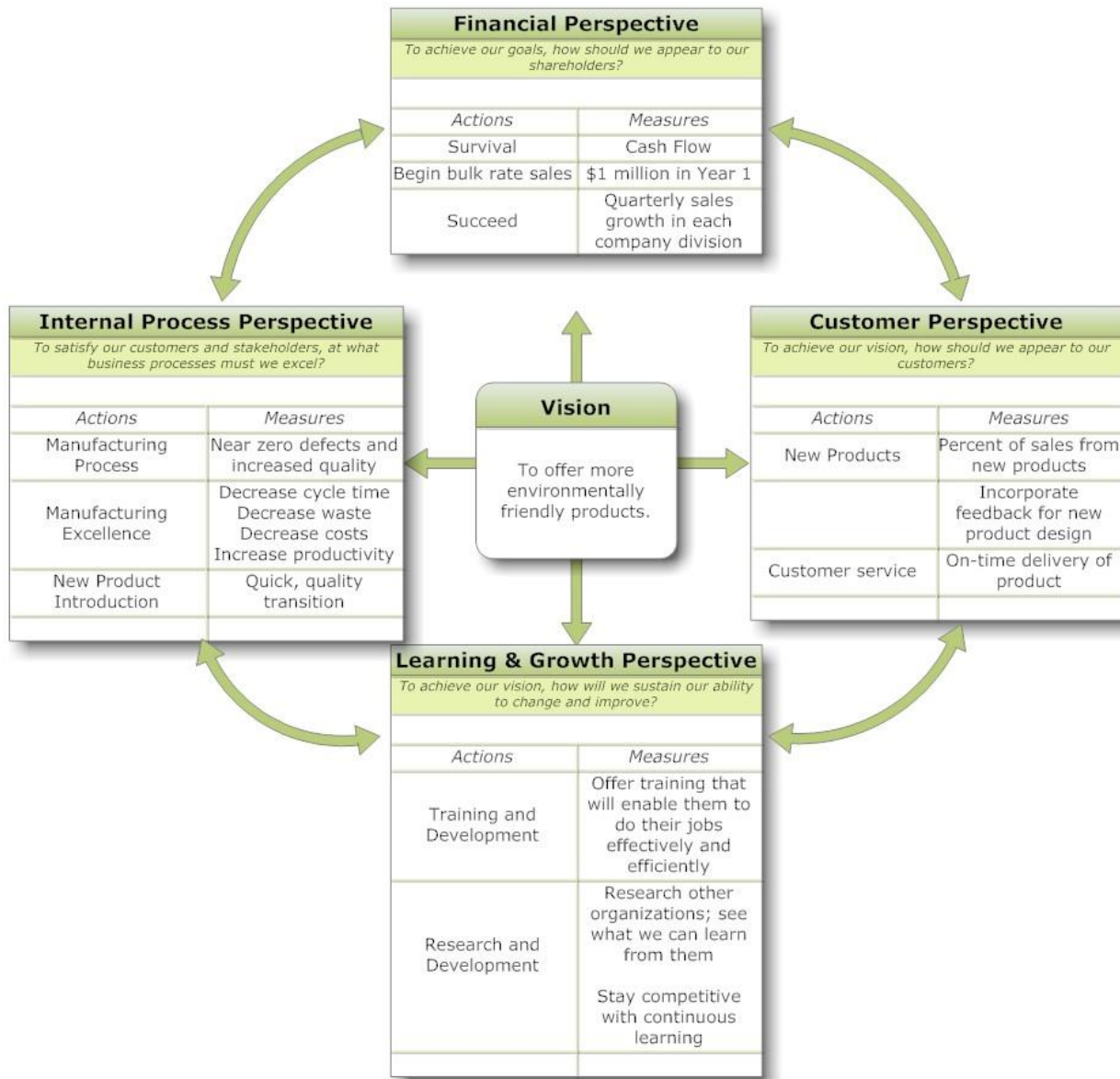
Let's have a look at the balanced scorecard's four perspectives for measurement. It is best to frame these concepts as questions to focus on what we are trying to measure and to see and create value from these answers. Additionally, when we answer the posed questions, we can compare the four perspectives to see which assets give us the most value.

- **Financial:** How is our financial health? How do our shareholders see us? How can we improve our bottom line?
- **Customers:** How do customers see us? Do we meet their expectations?
- **Internal Business Processes:** What do we need to do to succeed? Which processes have the greatest impact on our customers and our bottom line?
- **Learning and Growth:** How can we use learning to improve in the above three areas? How can we leverage learning to grow, create value, and improve?

Business process management fits into the second and third categories of the balanced scorecard; however, to maximize our processes we need to focus our efforts on developing the fourth category. If you look at the first question posed in the learning and growth category it becomes very apparent that learning and growth has an enormous influence on the other three perspectives. This perspective comes last because the ability to meet the objectives in the other perspectives depends on the organization's ability to learn and grow. Thus, learning and growth are performance drivers. They are harder to measure but have a direct impact on outcomes like financial growth and development.

Balanced Scorecard Example

Earlier in the course, we talked about Julie, an operations manager at a bottle production plant. Let's use this industry to create an example balanced scorecard.



Benefits of the Balanced Scorecard
Creates Focus

The balanced scorecard enables everyone within the organization to be on the same page. By creating and documenting the issues that are important to the business, people can work collaboratively to figure out how they will achieve success.

Integrates Four Key Aspects of Business

The balanced scorecard allows businesses to see how the four key aspects of their company work together. Additionally, by breaking the organization down into manageable chunks, you can see where you are doing well and where you might need to focus your energy and resources.

Allows Strategic Goals to be More Transparent

When you are an employee working in a company, you hear the phrase “strategic goals” thrown around a lot. But you may still be wondering, “What are these mysterious goals? How do they impact me?” Having a balanced scorecard enables the strategic goals of the organization to be shared and understood by everyone.

Test Your Knowledge

Creating a Balanced Scorecard

Scorecard Template

Financial Perspective		Customer Perspective	
Actions	Measures	Actions	Measures
Internal Business Perspective		Learning and Growth Perspective	
Actions	Measures	Actions	Measures

Highlight the perspective(s) that you feel John should focus his efforts and resources on.

Identifying Gaps with Process Mining

What is Process Mining?

Process mining is a tool that analyzes processes through event logs. An event log is a piece of information generated from a process-aware information system that enables you to see the events of your process. More importantly, the event log information allows you to see how long the event took, what the wait times were, etc. These event logs serve as audit trails. That is, they are a source of records that provide documented evidence of the series of activities that have affected a specific operation, procedure, event, or process.

Key questions that process mining tools answer typically include:

- How long did each event within your process take?
- What were the wait times between the completion of an event and the start of another?
- What was the throughput (amount of materials or items passing through a process) time?

Much like business activity monitoring tools, the aim of process mining is to provide businesses with data that indicates the health of their processes. From this data, users can see how the process is operating and what they can do to optimize processes for increased efficiency and productivity.

Benefits of Process Mining

Even with proper information gathering, an accurate flow chart representing your process, and all of the other components within the business process life cycle, we still may not see the inefficiencies of our processes. Many business processes can be extremely complicated, so no matter how much we try to map them out, some parts and components may remain hidden or simply be overlooked.

Process mining offers you an alternative approach for uncovering data about your process. Event logs can help reveal areas of waste, bottlenecking, and inefficiency, as well as specific data on those issues. This can help you pinpoint issues and implement appropriate solutions.

Process mining can also enable you to receive real-time data about your processes. This means that you can identify problems and take immediate action.

Another benefit of process mining is that it enables you to optimize your processes and align them with the strategic goals of your organization. By analyzing the data collected from your processes, you have the ability to improve your methods and ensure your processes are achieving your strategic goals.

Further Reading:

