



# Designing processes: looking back from the future

Companies today are in the continuous improvement game – continuously anticipating customer needs at the same time as reducing transaction costs. It's a tough game, in which techniques evolve so fast that an organisation with rigid management cannot hope to keep up. Indeed, requirements for management seem almost contradictory: customer-focused, flexible, structured, innovative and cost sensitive. This article describes the approach used by KPN to give management more control over continuous improvement whilst remaining flexible in operational detail. Moreover, this approach helps bridge the gap between business and IT people by providing them with a single language to discuss the many projects they are jointly engaged in.

KPN EnterCom is a full subsidiary of Royal KPN, an international telecom operator, based in the Netherlands. KPN EnterCom is the Dutch market leader in enterprise communication solutions and management. Its mission is “to be the first choice” in the Dutch market in both data and voice oriented solutions and management.

KPN uses Process Point Analysis (PPA), as developed by the author, to design and implement new business processes and to redesign existing processes to cut costs, increase effectiveness and give more control. PPA which has been around for 20 years and was first applied in hospitals, depends on the strict separation of the ‘what’ and the ‘how’. PPA deals with the ‘what’, helping to formulate process goals that are directly derived from commercial objectives.

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Process name:	
Part of:	
Sub-processes:	
Goal description:	
Input:	
Output:	
Operations quality requirements:	
Reporting items:	
Financial standards to be met:	
Quantitative data:	
Departments involved:	
Supporting systems:	
Registration aspects:	
Bottlenecks:	
Comments:	

***“Life can only be understood from back to front, but needs to be lived from start to finish.”***

***Søren Kierkegaard (1813-1855)***

PPA is a tool for organising change within the organisation, so that it is better prepared for – and so better able to adapt to – demands in the market. The organisation moves from the Process Point Analysis template to specific actions under what KPN calls SMART (Specific, Measurable, Acceptable, Realistic and Time-dependent) criteria.

PPA follows reasoning that we apply naturally in our daily lives. We are faced with many short-term, concrete goals, and we look at many of them from back to front – for example, we often decide which train to catch by its arrival time, and only then look at the departure time and plan our journey to the station. First we set the final goal, then we look back from that final goal to determine everything that needs to have happened to achieve it, and only then do we determine how these things should be done. Process Point Analysis applies the same principle: reasoning backward from the desired result to determine the steps you need to perform to achieve it. It reasons backwards from what the customer wants.

### Project-based adaptation to customer demands

PPA defines a programme of requirements for business processes. It says nothing about the form of the processes, but it helps map them systematically and define what they need to be able to do. Thus, PPA encompasses the functional analysis of the process being designed. It starts with the desired business results – what the customer wants – and derives the necessary processes directly from them. The analysis is also a communication tool, for it translates abstract idea into concrete behaviour, project by project.

### Better direction

All too often, projects start without clear agreement between customer and supplier about what precisely will be done. The inadequate process design means that the implementation criteria are not clearly defined. With PPA, once you have made explicit what a business process needs to deliver, you can set precise and concrete goals for the process design. PPA then becomes an instrument for project and operational direction as it asks the question: are we still on track or is intervention necessary?

For example, suppose a company formulates the following objective: **‘Reduce the delivery time to two days while maintaining the current delivery reliability and process costs’**. Reasoning backwards, first we need to answer two questions:

- Which process steps will change because of this objective? This question can be answered unambiguously, because PPA works with a standard list of process steps. These are applicable to all products and services, and to all customer groups in every department.
- For each process step, what do we need to change in order to reach the objective? The requirement ‘two days delivery time’ is translatable into sub-results for each affected step. Here, requirements for service delivery at each process step are especially relevant, along with allowable costs per process step, and indicators to monitor and tune the process in practice.

When these two questions have been answered, the company has a concrete Programme of Requirements for the adapted delivery process. That is the Process Point Analysis and it brings us to the next question:

- How can we reach the desired process result in terms of distribution of labour, usage of staff and IT, so that the project can start?

Once these criteria for success have been determined, you are ready to begin your project. With PPA you can monitor progress throughout the life of the project using the guidelines established when you filled out the template.



## Who is PPA for?

PPA is an efficient way to translate the commercial formulas coming from the Marketing and Sales departments into terms of actual service delivery to the customer. Where commercial formulas leave room for different interpretations, process designers can use carefully selected questions to get more information. PPA can also be used to test the feasibility (in process terms) of the goals Sales and Marketing have set.

By basing PPAs on the same steps company wide, a plan emerges, yielding considerable gains in time and costs. New PPAs can be constructed from existing templates, so that maintenance and adaptation of process descriptions can be organised more efficiently. In addition, PPA information lays the foundation for good project administration – what is added by a project and where. By collecting all this information, we get a better view of current projects.

## The role of PPA in process management

Process management can be described as the continuous tuning of objectives and means during the formation and management of processes.

Investments in organisation management can only be justified in terms of their contribution to the better running of business processes and hence better results. The same applies to procedures that form the interfaces, externally between customer and company, and internally between people and resources, and amongst people themselves.

With PPA the desired result can be translated into specifications of the tools that are necessary to execute the process. In daily practice, PPA fulfils a role as an efficiency instrument for process redesign and as a tool for communication between the principals. Both roles follow from the basic function of PPA, defining the ‘what’ (i.e. what am I going to do and what do I want to achieve with that?)

In a wider context, PPA can fulfil a linking function. It is a method of bringing parties into sync. This needs to be done in every company at the most basic level of directing, setting up and executing. Directing involves setting the course – the strategy. Setting up is shaping the organisation in such a way that the strategy can be executed. Executing is carrying the strategy out. These three activities constantly overlap one another, so they need to be synchronised with each other at all times. This synchronisation is essential to the efficient operation of any company. In a competitive market, it cannot be ignored.

**The process of process management: processes are interface specifications between ends (target) and means (HR, \$, IT, etc). The PPA is the neck of the puppet and specifies what the means should be up to.**

