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THE COMPETITIVE ADVANTAGE OF TRANSPARENT PROCESSES

By *Juliet Kontaxis*

"Juliet Kontaxis and the Benchmark Technologies team have been helping clients develop procedures manuals for over 20 years. Their methodology is detailed in Rapid Documentation of Policies and Procedures: The Handbook."

Process transparency -- what is it and why should I, as a manager, care? Transparent processes are easy for all stakeholders to understand, even if they are not subject matter experts, and even if the process is complex. Put another way -- when a process is transparent, all the dots of the process are clearly laid out and connected for all to see and comprehend.

For organizations, transparent processes lead to substantial competitive advantage. And, it's the type of advantage which is difficult for competitors to acquire quickly.

STRATEGIC ADVANTAGES

Transparent processes enable organizations to accelerate business expansions or contractions by promoting staffing flexibility. For businesses expanding organically or via acquisitions, new staff can be trained more rapidly and efficiently, speeding up new business implementations and integrations. Contracting businesses are able to shed staff faster, as remaining staff are able to more efficiently assimilate additional activities. The end result: greater agility in responding to the business cycle.

Transparent processes are also critical to the speed and success of an organization's ongoing improvement initiatives, be they productivity gains, cost advantages or product/service enhancements. Decisions based on an understanding of the complete process are better informed and can therefore be made more rapidly. Similarly, implementations can be accelerated. The end result: faster realization of the benefits of the improvement.

If processes and controls are transparent, organizations are better positioned to reduce risk. As organizations, technology and processes become more complex, risks of failure increase. Transparent processes facilitate the identification of exposures and implementation of controls. Should a process break-down occur, root cause analysis is accelerated, speeding up recovery. Recovery from business disruptions is also facilitated. For organizations subject to regulations and compliance requirements, transparent processes facilitate staff compliance, as well as audits and regulatory examinations. The end result: reduced exposure to operational risk.

BARRIERS

Given the competitive advantages attributable to transparent processes, why do processes in many organizations frequently lack transparency? There are two primary inter-related causes.

Managers frequently do not appreciate the strategic value of transparent processes.

Transparent processes are, quite simply, one of a number of under-valued organizational assets that are not on many managers' radar screens. From a cost-benefit point of view, the benefits of transparent processes may be harder to quantify and tend to be longer term in nature. In organizations with robust strategic planning processes focused on maintaining competitiveness, transparent processes will usually be identified as a critical success factor.

For managers who do appreciate the value of transparent processes, the stumbling block tends to be the cost to document processes and maintain the documentation. Process transparency is viewed as resource intensive and problematic to incorporate into an organization's structure. Establishing a centralized group presents staffing issues (what capabilities and experience in the firm's business are needed) and requires dedicated resources. Housing responsibility with a firm's functional groups (i.e., the subject matter experts) presents several challenges including skills, standardization and priorities. Using consultants can be very costly.

SUCCESS FACTORS

What's required for success? The successful organization views transparent processes as critical to the success of their strategies, thereby engendering management commitment. Frequently, transparent processes will be viewed as critical to the success of multiple strategies, such as reducing risk, facilitating training and expansion and/or process improvement.

Committed managements commit resources. The commitment of resources in turn leads to closer progress tracking (e.g., attention). Process transparency is on the radar screen -- a priority -- and probably tied into managers' individual goals and the reward system.

Regardless of how the organization resources the development of transparent processes, successful organizations adopt a standard methodology. Whether the organization decides to set up a centralized group, a decentralized structure or a combination, all stakeholders involved in developing process documentation are trained in the organization's methodology.

Selection of a documentation methodology is based on several key factors:

- Is it efficient and easy to use?
- To what extent does it promote standardization?
- How easy is it to reuse documentation across the organization?
- How easy is it to maintain the documentation as processes and controls change?

Documentation methodologies which score highly on all of these dimensions accelerate the achievement of process transparency across the organization. The organization begins realizing the benefits of process transparency fairly quickly. The wins begin reinforcing commitment and enable assimilation into the corporate culture.

Organizations which either do not adopt a standard methodology, or which select a methodology that is difficult to implement and scale, have a higher risk of abandoning the goal of achieving process transparency. Success will require the dedication of more resources and more time before benefits will be realized -- a tough choice for most organizations facing growing competitiveness.

CONCLUSION

While successful achievement of process transparency provides long-term sustainable competitive advantages to organizations, success requires a strategic approach, management commitment, and the adoption of a high value methodology for documenting processes and controls.

If you would like further details on the strategies outlined in the article, please visit: <http://www.rapiddocumentation.org>.

