# GUIDANCE NOTES

on the

## "Design Model

## for an Organisation's

## BUSINESS MANAGEMENT SYSTEM"
(qv)

*"How the Organisation operates and is managed"*

Version: 2.0

24 March 2016

# CONTENTS

# INTRODUCTION

## OBJECTIVE (of this document)

To explain the underlying principles of business process management, and how they apply from the top level development of a business strategy down to individual processes and specific tasks.

## BACKGROUND

Our "**Requirements for an Organisation's Business Management System"** document (qv) provides the basis for defining and communicating how an Organisation operates and is managed (its "Management System").  It has been developed in response to the widespread misunderstanding of business processes and management systems design, due in part to the wording and interpretation of the ISO9000 series of standards.  A process is "how work gets done", "how objectives are met", "how you respond to a (trigger) event".  (See **Glossary** below)

The "**Requirements"** document and this Guidance have been designed to assist any organisation which seeks to describe how it is managed and how it operates.  Importantly, the principles apply just as much to i) an **individual task** as to ii) a **specific process** and iii) "**running the Organisation**".  A single task exhibits the same characteristics which need to be recognised and managed.  What you do (or don't do) to achieve an objective, how you do it and the outcomes will all depend on a range of factors which, at the very least, you need to be aware of.

You need to balance the immediate objective for the task with other (possibly competing or contradictory) goals.  Any action is likely to trigger other actions and to have an impact on resources. "Making a statement" shares very similar characteristics to "recruiting staff", "running a business" and even "running a country".

The provision of adequate resources, and the recognition and management of the (many) factors which can influence success, are two other essential elements in planning and managing activities at every level within the Organisation.

# "THE PROCESS APPROACH" (MANAGING BY PROCESS)

Business objectives can be achieved more effectively and efficiently at any level if the work to achieve them is managed across an organization regardless of the functions or levels of those carrying out the work.

The key requirements are to establish and clarify:

a) what the organisation exists to do (what goods and/or services it aims to provide, to which customers, in which sectors and geographical areas);

b) how it will achieve this (structure, organisation, relationships, resources, activities);

c) how it intends to grow and develop;

d) what policies and values it intends to follow;

e) what other factors may influence success.

The "process approach" (promoted, but not well explained, by ISO9001) means appreciating all the elements involved in implementing and managing a process ("how work is done", "how an objective is achieved").

## Process Understanding

An organization which follows a "process approach" applies that understanding so that its people:

a) are aware of the processes (and their inter-relationship) that deliver the organization's outputs, in which processes they work and how their work contributes to the quality of these outputs;

b) know the objectives they have to achieve and the process(es) that will enable them to achieve them;

c) have clear responsibility, authority and accountability for achieving the objectives;

d) know what resources, behaviours, information and competences are required to achieve the objectives.

## Process Management

If it does it well, then they also:

a) perform only those activities that are necessary to achieve these objectives;

b) assess risks to success and put in place measures that eliminate, reduce or control these risks;

c) know what measures will indicate whether the objectives have been achieved;

d) know whether a process is achieving its objectives as measured;

e) find better ways of achieving the process objectives and of improving process efficiency;

      f)   regularly confirm that the process objectives including the measures and targets remain relevant to the needs of an organization.

**Figure 1: KEY ELEMENTS IN MANAGING HOW WORK IS DONE**
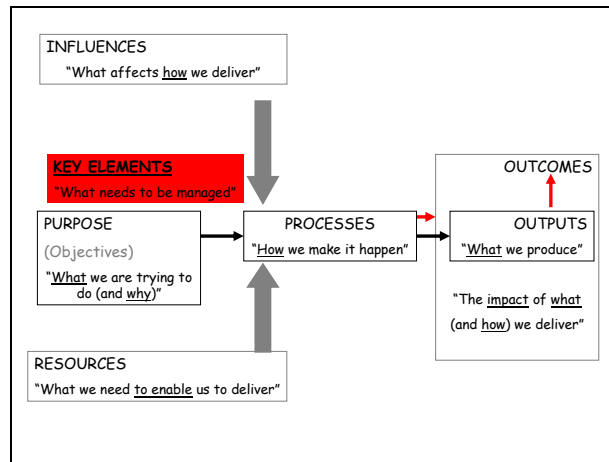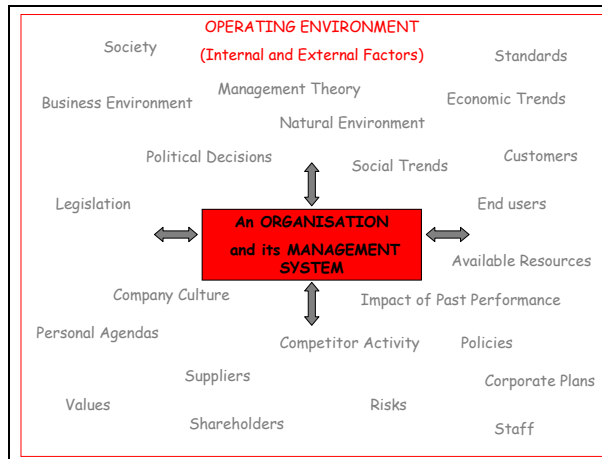




**Note**:  see **Appendix A** for more details.

# __GLOSSARY__

Many of these terms are defined, interpreted and used in a variety of (sometimes illogical and contradictory) ways. The following definitions are designed to be relevant for and applicable to all types of organisation, which is not always achieved by international standards such as ISO9001.

### Customer

An organisation or person that receives a product (qv) from the Organisation.

### (Business) **Management System** (strictly speaking, a "Management and Operational System")

The structure, processes and resources needed to establish the Organisation's policies and objectives and to achieve those objectives.

> **Note** a "System" is more than the sum of its parts. The interactions amongst the parts are part of the system, and a system has attributes which do not belong to individual parts.

### Management System Description

A (printed or electronic) description of the Organisation's (Business) Management System.

> **Note** a "Management System Description" is not a "Management System".

### Outcome

Any result of (an instance of) a process or task, including, but not limited to, the intended Output, and in some cases required by higher level objective(s).

> **Note** could include (eg) environmental impact, learning, enhanced or damaged reputation.

### Output (from a process)

The "deliverable(s)" generated by the actions that constitute the process, and in many cases defined by its objective(s).

### People (in the Organisation)

Management, other Staff and Contractors as appropriate.

### Policy

The intentions and principles which provide a framework and guidance for what the Organisation wants to achieve and how it will operate (often specific to a particular aspect of its existence and operations).

### Process

A set of related actions triggered by an event and intended to achieve an objective.

> **Note 1** The "trigger" event can be an action / a thought / a decision / a diary date - so a process can be reactive (responsive) or proactive.
>
> **Note 2** It normally uses resources and is subject to influences.
>
> **Note 3** There are perhaps five general types of business process:
>
> - **Mechanistic** (as in a production line) – where you want to minimise variation in a physical sequence of tasks
>
> - **Transactional** (in response to a generic event such as receiving a customer enquiry) – where there is a known set of tasks to be completed but you need to be responsive to the particular circumstances of each instance of the process
>
> - **Developmental** (where you choose to initiate action to create an outcome which is different / better than the last

time you did it, such as business planning) – where you must do certain tasks, but the sequence may not be relevant

- **Reactive** (as in treating a casualty in A&E) – where you know your objective, but may not know the tasks or their sequence in advance
- **Ongoing** (as in implementing a policy or monitoring progress) – where the process affects other processes as they are implemented on an ongoing basis.

They range from the most rigorously defined and controlled on the one hand to those subject to the greatest individual interpretation and choice.

Their objectives can be to minimise variation (and increase profit, minimise cost) at one extreme through satisfying variable customer demand, "adding value" and making a positive contribution to society, to dealing with a unique situation where change is essential.

## Process Management

The planning, direction, resourcing and control of process performance.

**Note**: this requires management (and therefore an understanding) of the key elements of a process (see above).

## Process Owner

An individual or role accountable for the successful performance of a process.

## Product

Goods or services provided by the Organisation and intended for another organisation or person for a consideration.

**Note:** a product is an "output" of the Organisation, and processes are "the means by which the output is created".

## Quality Management System

Those aspects of an Organisation's management system which impact on the Organisation's capability to deliver outputs that produce satisfied stakeholders.

(if we include stakeholders rather than "mere" customers).

**Note:** there may be an advantage in avoiding the term "quality <management system>" and thinking instead of the collection of elements required, such as "communicating policies", "ensuring responsibilities are clear", "allocating resources", "measuring performance", "seeking improvements" – some or all of which may be missing from some management systems.

## Service

A process performed for or on behalf of a customer that does not necessarily involve the transfer of goods or of ownership.

## Stakeholder

An organisation, group or person which has a beneficial interest in the successful performance of the Organisation.

## Task

A discrete activity or piece of work.  The smallest essential part of a job.

# APPENDIX A – WHAT NEEDS TO BE MANAGED

These principles apply at all levels:  at the strategic and operational levels in "running the organisation", at the level of an individual process and of a single task within a process.

(i)



(ii)

(iii)

PROCESSES

(Interactions and inter-relationships may be complex)

"What we <u>do</u> to deliver"

(iv)

INFLUENCES

"What affects <u>how</u> we deliver"

At <u>**TASK**</u> LEVEL:

TRIGGER

(& Objective)

"<u>Why</u> I act"

(Action or decision)

TASK

"What I <u>do</u>"

OUTCOMES

OUTPUT

(Achieved OBJECTIVE)

"What I <u>produce</u>"

"The <u>impact</u> of <u>what</u> (and <u>how</u>) we deliver"

RESOURCES

"What we need <u>to enable</u> us to deliver"

(v)

INFLUENCES

"What affects <u>how</u> we deliver"

At **<u>PROCESS</u>** LEVEL:

| TRIGGER | (Actions & decisions) | OUTCOMES |
|---|---|---|
| & Objective | TASKS | RESULT (Achieved OBJECTIVE) |
| "<u>Why</u> we start" | "What we <u>do</u>" | "What we <u>produce</u>" |

"The <u>impact</u> of <u>what</u> (and <u>how</u>) we deliver"

RESOURCES

"What we need <u>to enable</u> us to deliver"

(vi)

INFLUENCES

"What affects <u>how</u> we deliver"

At **<u>OPERATIONAL</u>** LEVEL:

| PLANS & Objectives | (Operations) | OUTCOMES |
|---|---|---|
| (Operational) | PROCESSES | (Goods, Service) OUTPUTS |
| "How we <u>aim</u> to deliver" | "What we <u>do</u> to deliver" | "<u>What</u> we deliver" |

"The <u>impact</u> of <u>what</u> (and <u>how</u>) we deliver"

RESOURCES

"What we need <u>to enable</u> us to deliver"

(vii)

INFLUENCES

"What affects *how* we deliver"

At **STRATEGIC** LEVEL:

OUTCOMES

MISSION

(Business Strategy)

"What we aim *to achieve*"

(Business Activities)

PROCESSES

"What we *do* to achieve"

(Performance)

OUTPUTS

"*What* we achieve"

"The *impact* of *what* (and *how*) we deliver"

RESOURCES

"What we need *to enable* us to deliver"

(viii)

INFLUENCES
Internal: Policies, Culture, Assumptions…
External: Legislation, Customer Requirements, Stakeholder Expectations…

"What affects *how* we deliver"

(including OBJECTIVES

"What we *aim* to deliver")

FOR EXAMPLE:

PLANS

"How we *aim* to deliver"

PROCESSES

"What we *do* to deliver"

OUTPUTS

"*What* we deliver"

Physical & Other RESOURCES

People, Information, Equipment…

"What we need *to enable* us to deliver"

(ix)

INFLUENCES

"What affects <u>how</u> we deliver"

(including OBJECTIVES

"What we <u>aim</u> to deliver")

UNDERSTAND…

OUTCOMES

PLANS

"What we <u>aim</u> to deliver"

PROCESSES

"What we <u>do</u> to deliver"

OUTPUTS

"<u>What</u> we deliver"

"The <u>impact of what</u> (<u>and how</u>) we deliver"

RESOURCES

"What we need <u>to enable</u> us to deliver"

(x)

OPERATING ENVIRONMENT

INFLUENCES

"What affects <u>how</u> we deliver"

(including OBJECTIVES

"What we <u>aim</u> to deliver")

…AND MANAGE

OUTCOMES

PLANS

"What we <u>aim</u> to deliver"

PROCESSES

"What we <u>do</u> to deliver"

OUTPUTS

"<u>What</u> we deliver"

"The <u>impact of what</u> (<u>and how</u>) we deliver"

RESOURCES

"What we need <u>to enable</u> us to deliver"