

## An article by Martin Russell Hughes FIMI

co-owner and Financial & Operations Director of T10 Automotive Ltd © 2020

During my career in the automotive world, I have observed one constant – getting people or vehicles in at one end of the business and out of the other whilst trying to make a profit. I've witnessed at first hand the different approaches managers have taken, some all hands-on to the point of interfering, others so laid back and disconnected you didn't even know they worked in the same company.

I can remember clearly hearing a service receptionist telling a customer their broken down car couldn't be looked at until at least next month; a sales person apologising that a new car wasn't ready as promised; a parts manager arguing with a customer that it was not his fault that the service department hadn't ordered the tow bar in time for it to be fitted for a camping holiday to the south of France.

*Getting people or vehicles processed in the most effective and efficient way possible to generate profit is about having the right activity to ensure maximum efficiency by engaging everyone involved in the process*

So many anecdotes, so little time but my point is, as customers, we have probably had a similar sort of experience at some time. Now, let's not get off on the wrong foot – not all experiences are bad and running a modern retail outlet is complex, with so much red tape and things can get out of hand pretty quickly if people take their eye off the ball.

In the early 1980s Ford looked at its 500-person accounts payable department closely. It was soon evident that the majority of each employee's time was spent tracking down various discrepancies between purchase orders, shipping receipts and invoices. It was also apparent to Ford that their production costs were not competitive. New markets for the automotive industry were popping up around the world, in the Far East, South America and Eastern Europe.

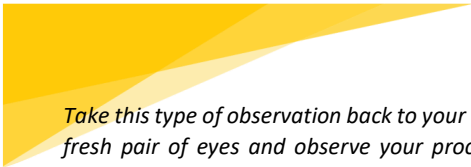
Knowing their current processes were unsustainable, Ford decided to re-engineer the entire parts procurement process. Not only did the re-engineering of their procurement processes result in a dramatic improvement in efficiency and profitability, the department downsized from a staff of 500 to 125.



This classic case study highlights challenges which still exist today. Just as the Ford company had to re-examine how it conducted its business operations in the 1980s, today's businesses also need to continually monitor their operations to maintain their competitive edge, meet and exceed customer expectations.

**Businesses** are dynamic environments which can be very complex so let us start with an analysis of a simpler process. For example, the next time you're at a restaurant or café, or purchase a product online, take note of the activities which are part of the service you are consuming, the tasks involved and the people performing those tasks – you will be able to observe the end-to-end process needed to provide what you asked for.

You may see a slick and efficient process or because you are on the outside looking in with no real preconceptions, you may see inefficiencies or points in the process where improvements could be made.




*Take this type of observation back to your own operation with a fresh pair of eyes and observe your processes as if you have never seen them before. Start with a blank canvas and imagine what is needed to get from start to finish*

One example of a common processes is the application-to-approval process. This starts from the receipt of an application, like a loan application, and then it ends with the approval or rejection of the application. Another example is a fault-to-resolution process. It starts with the identification of a fault, and then it completes once that fault has been resolved.

These processes will be familiar to those of you involved in automotive retail. The sales process will invariably involve some kind of finance application and aftersales will involve some type of fault resolution perhaps relating to warranty. Both involve people - your customers who create your revenue streams and your own staff taking your customers on that journey.

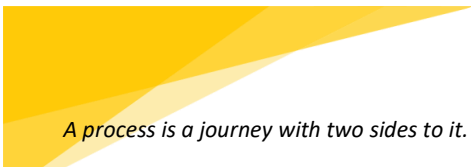
We are all customers and we have an instinct for when things aren't just quite right. Going back to the restaurant for a moment, how often have you had to wait too long, been served cold food or been overcharged? If you have, something in the process has gone wrong and elements which should have worked together have become detached e.g. the waiter got an order wrong or didn't hand it to the kitchen in time for a meal with special ingredients to be prepared in the time it needed.



*Business Process Management allows you to identify business processes and redesign them for greater efficiency and returns for your organisation*

**Dependencies and consequences** need consideration in respect of who is depending on who for what information or action? What are the consequences when the process breaks down? On one side, there are those who take the journey and those on the other side who make the journey happen. These people depend on each other and are responsible for the way those on the other side react to and perceive your business. Getting it right has never been so critical.

There are a few ways to know if a process is working correctly. One is to wait for complaints or for the whole process to collapse. Another is to pre-empt any issues through regular observation and management of the process, working in real time proactively and not reactively.



*A process is a journey with two sides to it.*

*It is valuable to be able to take a look at the broader picture in which activities take place*

Besides generating value for the customers, business processes have another important function: they are also meant to generate value for the stakeholders of the organisation. Value for a stakeholder is typically expressed in terms of the level of profitability achieved. For example, how much profit can I generate through the execution of this business process, through my company?

Value is generated for the stakeholders by planning the performance of the business processes. That is, by setting performance targets for the processes, and then by managing the performance of these processes, we can ensure we meet these targets.

**If we want to be better than our competitors** increase sales and customer satisfaction, make more sales, get repairs done right first time and receive appropriate payments for all warranty claims, while reducing operational costs, we need to set performance targets in line with our strategic goals, and look at whether our business processes are indeed supporting these goals.



**Business processes are at the centre of what organisations do** to deliver their service or product to their customers. The idea of business process management (BPM) is to focus on these business processes. It puts business processes at the centre of an organisation and captures the relationships between business processes and various aspects of the organisation, such as customers and employees.

**Values** should be at the centre of everything you do because as Gandhi once said, “ they become your destiny”.

## Business processes can be expressed through values

Transparency	ensures everyone involved in a process knows exactly what the process is designed to achieve, and all involved understand their role
Efficiency	ensures the least possible of resources are spent on this activity or part of the process
Quality	ensures there is a premium experience for all involved
Agility	the ability to react to something with the least path of resistance and without challenges
Integration	all IT systems involved in the process receive the required information and send it to the relevant customers in the process

**A business could live or die by its process.** The benefits of getting it right outweigh the consequences of getting it wrong.

Business Process Management is a very effective way of seeing the big picture at the same time as the details without going through much expense. A manager can see the whole picture from the start to the end, visualise the gaps and also predict the difficult areas.

There are a wide range of business processes which are appropriate for different business areas. Some manufacturing business domains focus on very strictly controlled processes and require a precise and consistent outcome. Customer service-oriented areas often require flexible processes as they may involve varied and customised outcomes.

Once a process is in place, it needs to be managed on an ongoing basis. Its performance, in terms of critical metrics that relate to customer needs and company requirements, needs to be compared to the targets for these metrics.

Such targets can be based on customer expectations, competitor benchmarks, enterprise needs, and other sources. If performance does not meet targets, the reason for this shortcoming must be determined. Broadly speaking, processes fail to meet performance requirements either because of faulty design or faulty execution.

*The principles of process management is that:  
All work is process work*

It is imperative to let people connect across the lines of business from within the business process framework. This ability to connect immediately is improving productivity. If the parts department needs to talk to the warranty department, that can be done from within the business process. Messaging and collaboration are key to making process more efficient. When people can work things out as a problem occurs, then the delays are eliminated, and the business runs far more efficiently.

## Suggestions

---

Any process	is better than no process
-------------	---------------------------

---

A good process	is better than a bad process
----------------	------------------------------

---

One process version	is better than many
---------------------	---------------------

---

Even a good process	must be performed effectively
---------------------	-------------------------------

---

Even a good process	can be made better
---------------------	--------------------

---

Every good process	eventually becomes a bad process
--------------------	----------------------------------

---

Take fresh look at your current sales or service process. Define who is involved in it. Agree what is taking place and compare it with what should be taking place.

Define who is involved in it. Agree what is taking place and compare it with what should be taking place.

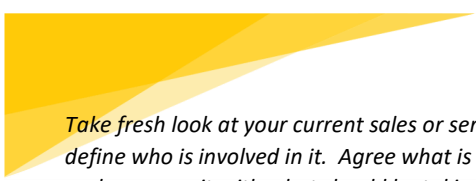
Look at the values of transparency, efficiency, quality, agility and integration to see where any failures occur or where any improvements could or should be made.

Get away from your desk and look at processes in a simple environment like a café using a fresh pair of eyes to look at your own processes to see what's good and what needs improvement.

Get your people involved, share your observations and ask for their suggestions on improvement.

Consider the consequences of leaving things as they are compared to the outcomes in efficiency and profitability with improvements in place.

**Marginal Gains** are all about small, incremental improvements in any process adding up to a significant improvement when they are all together. Don't make huge sweeping changes. Improvement can only be measured against a fixed point. If too many changes are made all at once, you can't measure what single element has made the biggest improvement and you need to.



*Take fresh look at your current sales or service process, define who is involved in it. Agree what is taking place and compare it with what should be taking place.*

Regular observation, measurement, communication and feedback all help in the quest for process improvement.

Just as in the TV series Undercover Boss, be prepared to be shocked, delighted and amazed at your observations of your own processes and then equate it to how your customers see your business.

## How does Business Process Management influence your bottom line?



**About the author** Martin has worked in the automotive sector since leaving school at the age of sixteen. He started his career as an apprentice vehicle technician, winning student of the year in his first year at college. He became a master technician for several brands, then in management roles of service manager and on to regional aftersales manager for a retail group.

*He spent a number of years in manufacturing leading a team of trainers for a global brand.*

*In between, he has worked as a college lecturer and spent time outside of automotive within commercial property in senior management and project management roles as well as a Learning & Development consultant in the financial and banking sectors and as a non-executive director in the third sector.*

*He is now financial & operations director at T10, a business providing automotive related learning and development to some of the best-known global brands.*