

Case Study

Delivering Strategy through Process



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Delivering Strategy through Process - SAPO Case Study -

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ABSTRACT

This chapter presents the case study of how the South African Post Office (SAPO) applied a process approach to create a fit for purpose organizational structure which would effectively roll out its new business model. An innovative methodology of interactive, people focused process mapping created the platform where institutional knowledge was offered by staff, shared, captured, improved on and transferred, engaging the entire organization (twitter effect) to review and develop those processes needed to roll out the new business model; to debate duplications and agree the actions that will address those; to identify gaps and agree on ways to eliminate gaps; and to agree on innovation and change.

This resulted in organization wide buy-in of broad spectrum change in processes and roles aimed at improved customer service, efficiencies and resource utilization. It further improved processes that would support the achievement of strategic goals, and delivered an organogram that would support the future growth of the SA Post Office with business model aligned processes.

INTRODUCTION

The South African Post Office (SAPO) delivers almost eight million letters to 12 million addresses in South Africa on a daily basis. It has more than 2 600 outlets covering the length and breadth of South Africa, aimed to provide postal services inside and outside South Africa.

As part of its growth strategy, SAPO developed a streamlined business model that required a new organizational support structure. In an organization of this size, the question was how to effectively position roles that would drive growth through the new business model and more importantly; how to avoid resistance against change that results from such an organizational overhaul?

Through an innovative, low cost, high impact approach, SAPO used enterprise wide process mapping to identify gaps and duplications to improve processes, to identify roles in these processes, and to ensure buy-in of change by making internal resources the drivers and owners of innovation and change.

CONTEXT OF THE PROJECT

SAPO reached a turnaround point in 2004 (figure 1), turning years of loss into profit. In 2007, however, the company was reaching the proverbial 'glass ceiling': cost cutting had reached its plateau and growth was urgently required to fund capital investment programs (infrastructure and technology). In addition, innovation and creativity was required to respond to the changing environment and therefore SAPO needed to revitalize and refocus the total business to be more responsive to the needs of shareholders, employees and customers.

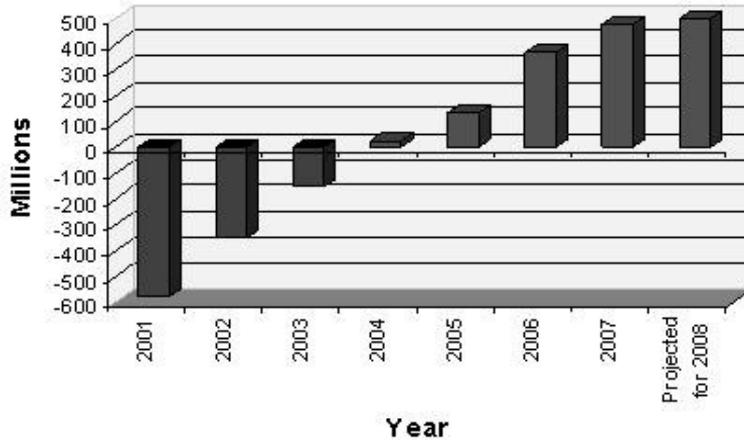


Figure 1: SAPO's Financial Performance 2001-2008

In 2007 it became clear that the total business needed to re-position itself in terms of less focus on cost cutting, with growth based on new product, services, markets and customer needs, through more innovation and creativity.

In support thereof a new Business Model was developed, based on principles of income generation, innovation, and increased support of, and alignment to, the Universal Service Obligations.

A focus on income generation while embracing the triple bottom line, being economic, social and environmental sustainability. In addition, innovation was required to drive business growth and this needed to be enhanced.

Each Business Unit needed to define, own and focus on their respective unique products, services and customers; operate within the framework of a holistic view; adopt to focused marketing for each respective unit; be supported by the Shared Services (Corporate and Business Support); and be prepared for possible Deregulation and Corporatization.

SAPO's vision was clear, but difficult to measure because of the diversity of the business. Besides, the strategy was sound but execution was very difficult. Once the new business model was approved, an effective structure (organogram) was required for roll-out of the business model. In addition, the business model principles were well defined, but the processes per business and per support unit were not.

The decision was made to engage an external supplier, for an out of the box approach. Pétanque Business Specialists—using their in-house developed Business Process Architecture methodology VizPro®—was selected, proposing a process approach in which the processes would define roles which in turn would result in a SAPO structure that is based on what the business requires. The processes in the business model would be documented and reviewed to bring about improved practices focusing on delivery of outcomes within the revised business model. Valuable institutional knowledge would be captured and applied for various purposes, including ISO accreditation, job descriptions, continuity planning and management, risk management, audit, performance management and change management.

The overall project consisted of two phases. In this chapter the second phase is highlighted. For background, the first phase consisted of the high level process

positioning and detailing the key processes in delivering outcomes for the business model and documenting these processes, documenting the tasks to be performed to effect change, and the development of three optional organizational structures to drive these high level processes.

Three options for a new high level organogram were presented to, and discussed with the CEO. The three options were fully informed by what the processes required and was the result of extracting process requirements into a structure.

The CEO presented the preferred high-level organogram to the Board of Directors, who approved it in March 2008. When this was presented to the Executives as the approved structure, buy-in was instant. Why—because the Executive, having been part of the process mapping, knew the motivation for the structure and the decisions were made in an environment of transparency. They also understood what was expected from them as role players, ensuring that change could be implemented by an informed team.

The second phase focused on operational processes, within the framework of the processes that were defined in Phase 1. During this phase participation included General Managers, Senior Managers and Managers, as well as operational employees. Organograms for each Business Unit along with Action Lists containing actions that would ensure change and detailed and step-by-step process maps showing who does what when, was the output. This Phase 2 project is the topic of this chapter.

ON THE CONCEPT OF VIZPRO® PROCESS MAPPING

Business Process Architecture includes understanding (analysis), developing, modeling, documenting and improving business processes end-to-end. VizPro® is a process analysis and documentation methodology; a structured and interactive approach to Business Process Architecture. It is a methodology that applies the power of pictures, compared to words to show how processes support the enterprise goals, step by step and process by process. VizPro® facilitates workshops that engage highly interactively with role-players and capture knowledge real-time in process maps, making use of a laptop and a data projector. The visual display during the work session creates understanding and enhances the discussion between participants. Process positioning and flows as well as changes are reflected immediately since the process architecture team records and displays information real time.

In this project the following elements were cornerstones that resulted in multiple benefits:

The Change Controller

To ensure that processes support strategic goals, the VizPro® Change Controller lists the elements that must be addressed.

CHANGE CONTROLLER

G	Growth	NOT CLEAR HOW TO ACHIEVE IT	IN ACTION LIST FOR LATER IMPLEMENTATION	IN PROGRESS	CONCLUDED	NOT APPLICABLE	CATEGORY
C	Consumer Focused						
OS	Organisational Structuring						
OM	Organisational Management						
	Are business units clearly segmented?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	C
	Is financial services clearly defined?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	C
	Are there financial KPI's for each business unit?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	G
	Is there adequate corporate governance?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	G
	Are services customer focused?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	C
	Do we reflect the various systems for shared services?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	G
	Are roles unpacked?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	OM
	Did we address employee satisfaction?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	OS

Figure 2: SAPO Change Controller

In the case of SAPO, strategic goals were identified in the categories Growth, Consumer Focus, Organizational Structuring, or Organizational Management.

After the work session, participants work through the goals, and indicate for the process whether it is not clear how to achieve the goal, it is in Action List for implementation; it is in progress, it's concluded, or it is not applicable.

If an element received a “Not clear how to achieve it”, it means that there is a gap that needs to be addressed. If it is “In Action list for implementation” it means that change actions have been defined, scheduled and assigned. If it is “In progress”, it means that it is incorporated in the “as is” or “to be” process, i.e. it forms part of what needs to be done and outcomes will reflect the process impact on the particular element. If it is marked as “Concluded” it means that the process outcomes are supporting the relevant element. Finally, “Not applicable” means that the process is not intended to address the element.

Each SAPO process map contained the same Change Controller against which the process was tested to make sure the process contributes towards strategic goals. A process would only be signed off once aligned to the Change Controller.

The Positioning Map

SAPO's Positioning Map (figure 3) was developed to show what the enterprise is about and which processes are needed to achieve its goals. This Positioning Map session took nine hours with 18 people participating. In this instance, the Positioning Map was scoped at high level, covering the entire organization (16,000 employees). The 10 most important executive level processes needed to bring

about the changes required by the new business model, were selected, Those processes for example, needed to ensure that SAPO become more consumer orientated and more accessible to more people nationally (these are two of the SAPO strategic goals).

The Positioning Map was “unpacked” so that the relevant functions and processes would be effectively positioned to support the attainment of all strategic goals.

The relevance of these processes was checked by asking for each: does this contribute to strategic outcomes and how? Where there was a gap or duplications, processes were marked: as duplicates—to later merge in further workshops; or as a gap—to develop new processes to fill the gaps.

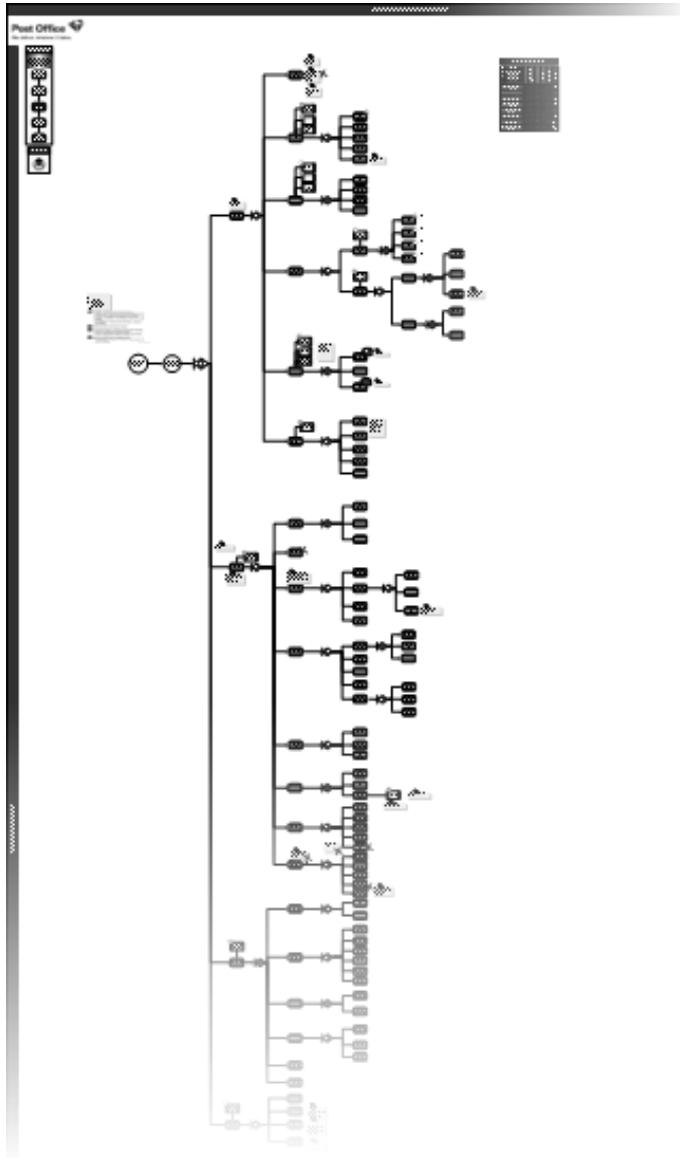


Figure 3: SAPO Positioning Map

Zooming in on the top section of the map, the detail becomes clearer in figure 4.

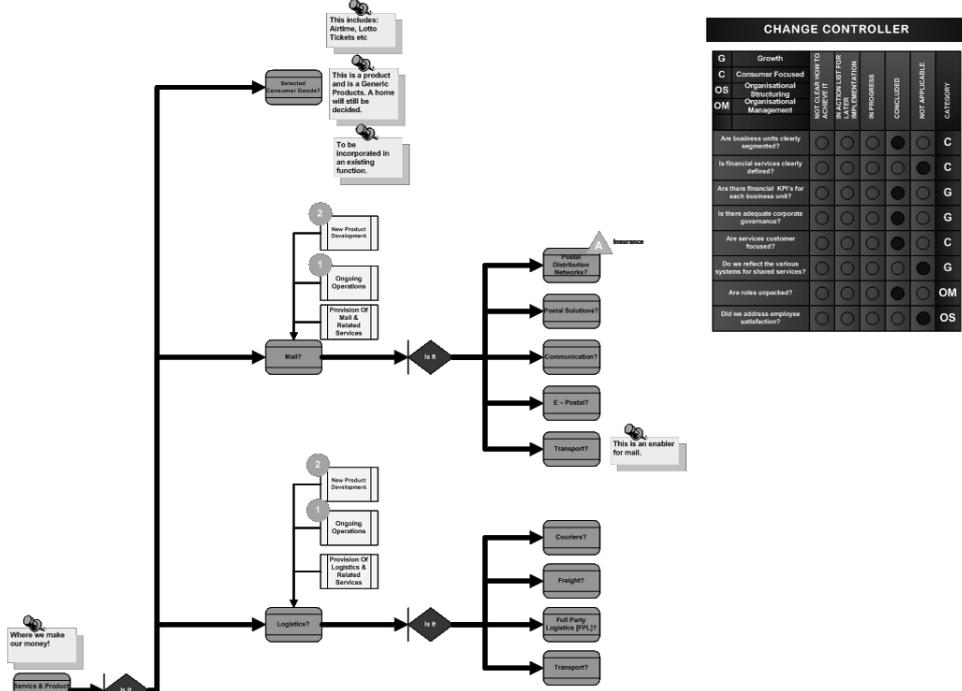


Figure 4: SAPO Positioning Map: close up of a section

CHANGE CONTROLLER						
	NOT CLEAR HOW TO ACHIEVE IT	NO FACTUAL SET FOR IMPLEMENTATION	IN PROGRESS	CONCLUDED	NOT APPLICABLE	CATEGORY
G	Growth					
C	Consumer Focused					
OS	Organisational Structuring					
OM	Organisational Management					
	Are business units clearly segmented?					C
	Is financial services clearly defined?					C
	Are there financial KPIs for each business unit?					G
	Is there adequate corporate governance?					G
	Are services customer focused?					C
	Do we reflect the various systems for shared services?					G
	Are risks unpacked?					OM
	Did we address employee satisfaction?					OS

To the right is the Change Controller. The icons with the horizontal lines represent the functions that need to be performed and the with icons vertical lines represent the processes that will deliver the functions' outcomes. By prioritizing the top 10 processes that will achieve the elements in the Change Controller, the project was scoped.

The Process Maps

For each process the work session started with a blank screen. After agreeing the name of the map, the purpose and scope of the process was defined, discussed and recorded. From here on each process would be recorded, developed and improved on: step by step. The Process Maps contained SAPO customized icons, documenting processes to show who does what, and when; identifying risks, controls, management information, accounting points, quality assurance, and key performance indicators.

Process Maps were developed in different versions:

Version 1: depending on the process seven up to 25 people were unpacking the “as is”, adding changes when needed. For new processes, the same approach of step by step definition was followed. Time spent per Version 1 process: 4-8 hours.

Version 2: other role players joined in this version to challenge, debate and agree on the process, adding improvements. In this session Management Information, KPIs, Risks, Controls, Quality Control Points, Financial Impact Points, Burning Points, Escalations, Checks and Governances were added. Average time per Version 2: 3-8 hours.

Version 3: evaluation where related processes were presented and cross referenced. All role players, including management reviewed this session and

DELIVERING STRATEGY THROUGH PROCESS

continue to add to the Action List. Average time: 1.5 hour per process; for 5-6 processes to cross reference, required a full day.

Figure 5 reflects an extract of a Version 3 process.

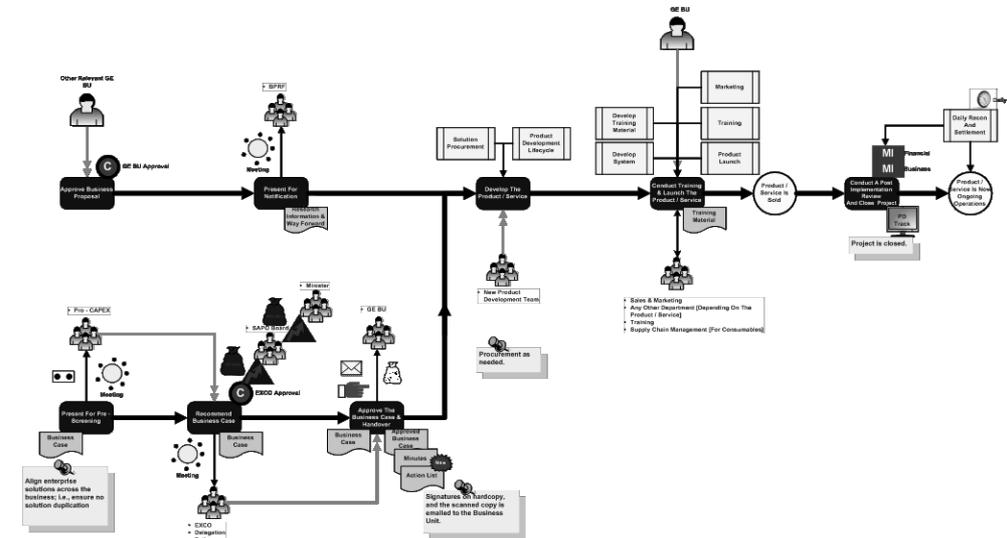


Figure 5: An extract of a high level process map that delivers outcomes in support of the Strategic Goals

The Action Lists

The Action Lists record the drivers for change. During every workshop, whenever an item needed to be addressed, it was added to the Action List. The 'who and when' was then agreed to by the participants.

A	B	C	D	E	F	G
Task No	Category	The Issue	What must be done	Outcome	Who	Status
073	BU FinServ	Each Branch currently files customer docs around money orders and transfers. This is not a good system as important documentation is local, should be in a central DMS	Develop a Robust Documentation /Management System.	A Robust Documentation /Management System	P/MO	
074	BU FinServ	Postal Orders as a "Stock" is treated differently than other stock procured by SCM. Instead It is done by the processing team.	The Postal Order Procurement Process needs to be mapped as a separate leg in the Procurement process.	Refer to this new process as FinServ Stock Ordering & Acknowledgment.	Strategy / GE: FinServ	
075	BU FinServ	Best practice systems to be shared	The Process used by Fin Serve Processing Team should be Investigated and Adopted by Post Bank Fin Serve.	One process that serves 2 operational environments.	Strategy / GE: FinServ	
076	BU FinServ	Consumer Products Process not clear and therefore probably not effective	The Consumer Goods Process and all its related components needs to be defined.	Clearly defined processes for consumer goods vs services.	Strategy / GE: FinServ	
	BU FinServ	Improved customer service and	Instead of advising the	Customer + Capital	GP: FinServ	

Figure 6: Extract from an Action List

THE PROJECT

Based on the benefits derived from the Phase 1, the second phase followed the same approach, in order to define, per Business Unit, the roles at General Manager, Senior Manager and Manager Level, by reviewing all processes to bring about improved practices; sharing and capturing knowledge via an inclusive and transparent process; and using information rich process maps to derive the enterprise organogram that would provide the appropriate structure for successful roll out of the business model.

DELIVERING STRATEGY THROUGH PROCESS

This project, with the same project brief as for the high level project, resulted in a companywide organogram, informed by the business processes.

Every mapping session started with identifying each Business Unit's purpose and scope. This was followed by a Positioning Map for each Business Unit, with participating teams identifying at high level the activities of the Unit along with what processes are deployed.

Over 500 interactive workshops extracted information from process role players (operators) through a forum for share and challenge, evaluation and improved or best practice development opportunities. The knowledge was captured in 117 Process Maps reflecting 184 processes in a step-by-step what to do format.

Every process map shows graphical, easy to understand information, as in figure 7.

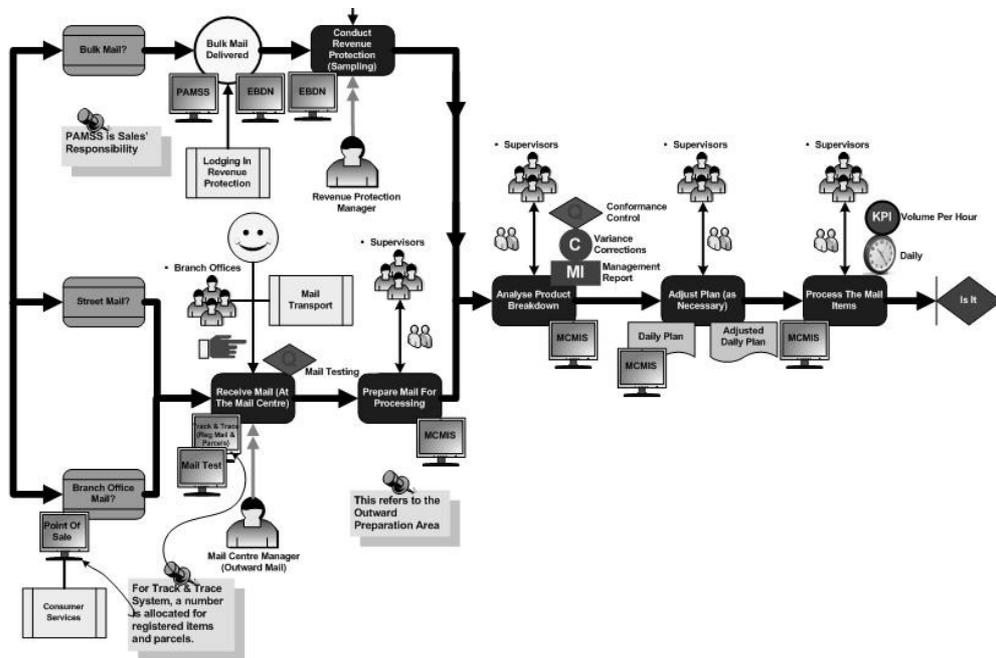


Figure 7: Snapshot of a VizPro® Process Map

Figure 7 demonstrates the output of part of a process where process role players and work-session participants agree on the step by step activities of the process, the responsible person of each activity and the other role players in a step, the timing or frequency of a step, the management information that is being created at specific steps, the risks to the process and what these risks are, the controls, the means of communication, the input and output per step, the supporting systems in the process and what the system function is per step, the interfacing processes, the key performance indicators per process, the steps where metrics are generated through MI and how KPIs input into scorecards, and notes to enhance information if needed.

Key success factors to this project were:

- Role-players from various organizational levels participated, resulting in vertical communication and knowledge share;

- Discussing end-to-end processes and projection of the visual map resulted in comprehensive understanding of the entire process to people who were only part of a specific part, and didn't understand their impact on the remainder of the process;
- Facilitation offers a platform of knowledge share: input from experienced employees was now captured and documented as part of SAPO's intellectual property;
- Offering an open, neutral, non-threatening environment, created an innovation platform, debating gaps and duplications to improve current practices;
- During the process mapping sessions all issues impacting on process efficiency were identified, prioritized and actions for change scheduled;
- After the work sessions, maps were printed and displayed in the offices and passages, for everybody to comment on and debate around the process. Handwritten notes were made on the maps, as input for the next version.

The transparency, and accessibility for everyone, made this project impact on the entire organization, and was therefore not only a top down directed initiative, but instead top-down and bottom-up driven. This was critical for buy-in of change. People were invited to give their input, and became the drivers of change.

Once the first version of the processes was mapped, it was made available to the Business Units, who exposed their other team members to it over an approximate two week period. During this time period maps could be challenged by any employee. After two weeks second level processes were done and it usually reflected numerous process improvements. A third version was also done in most processes, where employees from other units were invited and the process was challenged in terms of efficiencies, resource utilization, dependencies, risks, gaps, and its contribution to strategic goals.

CHANGE AND IMPROVEMENTS RESULTING FROM THE PROJECT

The mapped processes enabled the effective implementation of the new business model. The key element, however, is how employees and management buy-in was achieved through the process mapping workshops. The change was brought about by employees through participation in and collaboration around process review, design and improvement. The processes further defined roles, which mean that employees agreed on what roles are needed to perform what steps in each process. Change is therefore driven by employees, with a pull from management who oversaw Action Lists being carried out. Consultation, collaboration, buy-in, and accountability for change and implementation were all built into the project.

The processes were mapped to operational level and organograms that were derived from what roles each of the process needed, reflecting the resourcing needed in respect of Group Executive (level 2), General Manager (level 3), Senior Management (level 4) and Management (level 5/6).

Deliverables of the project were:

- The complete SAPO positioning map which reflected:
 - All processes developed/documented and improved on per Unit;
 - Processes, identified during the project, that need to be developed in a next project;
 - A short summary of the participation in each unit, which impacts on the quality of the work (participation is tracked through a tracker in

which every participant per project is registered and signs their name to);

- A summary of burning points in each unit, as observed and recorded in the work-sessions;
- The SAPO structure map;
- All process maps and Action Lists on soft copy;
- A wrap-up of project actions, the project cost profile;
- In-house training to maintain the processes.

TECHNICAL ELEMENTS OF THE PROJECT

VizPro® is a software independent methodology, but Pétanque prefers Microsoft Visio® to apply the methodology. The process maps are storyboards created through the intelligent use of customized icons. Additional benefit for SAPO was that it didn't require an additional investment in expensive software.

During Process Mapping sessions the information captured in Microsoft Visio® is shown on a screen and all changes and additions are done electronically.

Maps were saved in both Microsoft Visio®-format and as a PDF document. The PDF documents were saved to ensure version control and for easy distribution to stakeholders. Prints (though not encouraged) were made from the JPG versions on a HP Designjet 400 printer. The maximum size of a possible map is 0.84 meters by 25 meters, though SAPO only printed maps up to six meters.

IMPACT ON REVENUE GROWTH

The Process Maps hold a vast amount of information which has served the South African Post Office well in other applications.

A number of the Process Maps were used to explain processes during new business propositions. In offering new, innovative services to potential SAPO clients, the process of offering those solutions could be collaborated on, and agreed on with the new client. In other words, process solutions are explained to third parties by using the relevant map. This has already assisted in the start-up of three successful new business ventures.

Through process enhancements, new products and solutions can be market ready, more speedily. An example can be found in the process improvements that were made in the "new product development" processes. The processes found in three different business units were standardized and resulted in quicker approval and development time, providing for quicker "go to market" readiness.

IMPACT ON COST REDUCTION

Cost reduction following on the identification and addressing of process inefficiencies is a principal benefit of the project, as duplicated processes within and across business units were identified and eliminated; opportunities for automation were identified; more cost-effective resource structures were identified, linking roles to what was needed to be done in processes; and the old versus new way of doing tasks were identified.

IMPACT ON CUSTOMERS

The main customers in the project were all the Business and Corporate Support Units. The following benefits were derived:

Process Benefits

- Documentation of all processes that support the new Business Model;
- Identification of process improvement areas or where total process reengineering needs to happen;
- Identification and elimination of process duplications;
- Identification of process gaps which usually impact on efficiency and cost;
- Identification of interfacing processing and identification of end-to-end responsibilities, for example, how the Transport and Mail Delivery processes fit into and complement each other and where “handshakes” take place;
- Serves as input into business continuity, as the impact of risk factors are easily identifiable and mitigation, management or risk transfer is then built into the process;
- Provides detail required for ISO accreditation by identifying which steps require what level and what specification of quality to comply to standards;
- Input into Risk Management as all risks are identified and marked on the step or stage where the risk occurs. Controls are defined and agreed to, ensuring that controls are assigned to role players and stakeholders agree on who is accountable for which risk and how those are managed.

Business Unit benefits

- By listing unaddressed process issues in the Action Lists, areas for improvement are identified, including new solutions and systems development;
- Breaking of the silo mentality as units see the process impact which their deliverable has on other Business Units;
- Easily identifiable key performance areas and key performance indicators, along with what information needs to be captured where to provide the metrics for measurement. These are used in balanced scorecards and performance appraisals.

Structure / Organogram formulation

- Communication lines are identified, discussed and agreed to;
- All structures are aligned to business needs and new business model.

Governance

- All elements that need to be complied to per process are identified and indicated on the maps;
- The maps serve as input into Internal Audit as all processes to be audited are defined, transparent and easy to audit;
- Time saving for Internal Audit as processes and issues are defined.

Management Information and Key Performance Indicators

- Performance measurement points are identified and linked to metrics in the workshops. This means that role players are aware of what needs to be measured when, why and how.

- Alignment of all processes with the company strategic objectives, deliverables and the corporate balance scorecard through the Change Controller, Key Performance Indicators and Key Performance Areas.
- Linking all process KPIs with the company knowledge management system.

People

- Interactive, cross functional, fun and high energy workshops;
- Provided a forum for problem and issue discussion and resolution in a non threatening environment;
- Transparency, as all maps were made available to all team members, of particular benefit to those who did not take part in the work sessions and whom were invited (inclusion) to comment and provide input;
- All roles are defined, discussed and clarified;
- Provided input into unit specific job profiles, allowing for inclusion and bottom up participation in organization structures;
- Knowledge sharing and skills transfer took place;
- The maps are applied to train new employees as the maps provide for the “big picture” and the detail needed for induction and quick understanding of roles;
- Buy-in and a sense of participation in creating a new, improved enterprise.

IT Systems

Process Maps were applied by the IT department for Enterprise Architecture, Business Continuity including disaster recovery processes.

Finance

Process maps are also used to verify and define activities for the company’s costing model, therefore each activity in a process or the complete process can be costed to measure the value of the process. This again leads to comparison and elimination of unnecessary activities that adds no value, forcing more cost-effective processes throughout the company.

For the South African Post Office, these multiple benefits impact on successfully repositioning as an employer, service provider and role player in the South African economy, while ensuring the most effective way of supporting the USO (universal service obligation).

TRANSFERABILITY OF THE PROJECT DELIVERABLES

SA Post Office continues to benefit from additional outcomes not directly related to the objectives of the project.

Documented Knowledge

All maps are electronically available to all employees in the company, creating continuous knowledge sharing.

Ownership

Every Business Unit Head takes ownership of their maps, the accuracy thereof and Action Lists to continue the process of improvement and change.

Process Facilitation, Mapping and Version Control

- Resources from the Post Offices Group Strategy unit have been trained in the methodology, process mapping and facilitation of the VizPro® methodology;
- Training has allowed SAPO to take responsibility for version control.

Early Users / Usage of the Process Maps

- To develop new company wide organograms based on what the processes defined needed to be done and what roles were needed to perform those functions;
- To adjust, improve and / or develop processes to support the roll out of the new business model;
- To introduce new employees where both unit specific and company process are used to fast track newcomers into productivity;
- For application in Internal Audits, where the process maps form the basis of all audits;
- For application in risk management, where risk areas are highlighted and can be monitored, managed and reported on quickly and effectively;
- To create a performance culture that flows through the enterprise as each process has a set of KPIs that link to the Profit, People, Planet, KPAs of the Corporate Balanced Scorecard;
- For application in IT where the information is used for Enterprise Architecture, systems development and data management.
- To communicate processes to external consultants, for example for the development of IT disaster recovery and business continuity as every process step indicates what system supports both for inputs and outputs.

IN CONCLUSION

The South African Post Office displayed the foresight of applying a process architecture methodology that went beyond structuring the organization in support of their new business model, and that in particular benefitted the people in the organization, creating a solid foundation for future growth.

ACKNOWLEDGEMENTS

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