FROM PAIN TO PROFIT: A BUSINESS PROCESS AND PRODUCTIVITY JOURNEY

Understanding how daily productivity pains caused by inefficient business processes secretly siphon profit away from your bottom line

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In Philadelphia, an independent insurance agent processes an application for a new boat policy using a template stored on his computer desktop. The problem is, he opens an old version of the policy. The application is rejected and the closing on the new boat is delayed. Now he has to go back to a frustrated client who thought his application was in the underwriting process and start all over again.

In Kansas City, a mortgage broker fails to notice that two time-critical items have not been received on a loan application for a young couple buying their new home. The couple is moving from their “starter” because they have a baby on the way. As a result of the broker’s oversight, the closing is delayed past the current rate lock, causing the couple to incur a higher interest rate. The seller gets a better offer on the house and decides to forgo the contract by enforcing the original close date. Due to process inefficiency, the mortgage broker loses the loan and the young couple loses the home of their dreams.

In Western Pennsylvania, a physician is making the rounds of several rural offices that belong to her practice, carrying medical records for all the patients she is scheduled to see in the trunk of her car. Upon arriving at one of the clinics, she’s not able to find key updates on a few of the most seriously ill patients. Upon checking in with the practice, she also discovers that two emergency patients have come in, but their records are currently at another clinic. The acquisition and transfer of patient data from the other facilities results in critical time delays in patient treatment.

When outdated business processes fail, an organization feels performance pain. Replicate these deficiencies many times over during a typical workday and the cumulative effect can be devastating. The impact on productivity is multiplied as workers become engaged in fixing broken processes instead of delivering world-class service.

A recent Time magazine article entitled “America’s Productivity Problem” examined the productivity/profit connection. It cited a report by JPMorgan Chase economists Michael Feroli and Robert Mellman noting that worker productivity has grown at a mere annual rate of 0.7 percent in the past three years after expanding on average by 2.9 percent from 1995 to 2005.1

The direct correlation between organizational productivity and profitability is easy to see; what isn’t always so easy for organizations to see is where their productivity pains exist. The fact is that they usually exist in antiquated technologies and the inefficient management of the information at the heart of every business.

If America’s organizations are to succeed, they need to use technology differently. They have to bring innovation to their processes and view those processes with new eyes. They must change their approach to data and information from one of controlled access to few, to one of open sharing and the building of shared communities of knowledge.
It’s much bigger than simply using technology to automate workflow or investing in imaging technology to eliminate manual data entry. It’s about finding ways to bring intelligence to the process, simplifying what is complicated and moving from systems of records to systems of engagement.

Keith Swenson, vice president of research and development for Fujitsu, recently spoke about the productivity of “knowledge workers” and how technology will be the key to their success in the coming century. “What we want to do is make software that facilitates what people do,” said Swenson. He gave an example of a classic knowledge worker – a police detective – who solves crimes by pairing structured and unstructured data from a crime scene with the ability to share information with informants, forensics specialists and others related to the case. Swenson explained, “They gather lots of information while they’re working on a particular crime … a lot of that information is going to be unstructured information – documents that people wrote or evidence of different forms … we need to be able to put that into a place and communicate it to others.”

“People don’t want computers. They want to relate, share, communicate, enjoy, learn, discover, analyze and create.”

– Technology research think tank Gartner Research
How is profit generated and lost in organizations? That depends on the organization. Mature organizations have different process pains and profit opportunities than their counterparts experiencing rapid growth. Approximately 80 percent of all American companies are mature businesses. They compete in industries characterized by saturated demand, oversupply and a reliance on cost cutting, all of which chip away at profits. When it comes to market share, these companies are in defense mode. Their profit formula will be applied to cost-saving strategies, operational efficiencies, mergers, acquisitions and consolidation.

According to business consultant Bruce Merrifield, “As markets mature, customers can be more demanding and competition more intense. We must continually sharpen our strategic thinking and customer segmenting. Simplistic strategies will fail us.” Looking at the situation through new eyes is critical to these organizations. Taking the it's-always-been-done-this-way position is a virtual guarantee of falling behind.

Rapid-growth businesses are defined as employing between 20 and 500 workers and having experienced at least 50 percent year-over-year revenue growth for three consecutive years. In contrast to mature firms, these businesses are in an offensive position. They place a premium on developing progressive company cultures, responding nimbly to opportunities and applying repeatable processes that enable further growth.

Their biggest challenges are managing cash flow as they grow, obtaining employee buy-in and making wise choices in strategic partners such as IT providers. Their profit formula should focus on leveraging processes that increase their agility and build a solid foundation in the back-end infrastructure functions that support rapid growth of both employees and business.
Given that high productivity is key to profitability, it’s critical that organizations recognize the productivity pains that severely compromise their ability to succeed. The major productivity pains in most organizations include:

**Inefficient or overly complicated processes, both paper and electronic.** In general, the higher the number of human touches or decision points in a process, the greater the ROI in optimizing that process. Think of any application process where there are multiple forms of supporting information, photos, paper, eForms and back end line of business data with various human interactions. Claims processing in insurance, new product changes in manufacturing, loan origination process in Financial Services, and I-9 documentation for new hires are a few examples.

**Inefficient management of business records.** An average employee spends 30 to 40 percent of his or her time looking for information they can’t find. Why? Because it’s locked in e-mail, documents, filing cabinets and shared hard disks. For an employee making $50,000/year, that’s a staggering loss of up to $19,968 a year.

**Inefficient storage or retrieval of information.** Consider the fact that nearly 75 percent of the country’s organizations would fail in less than a month if a catastrophic fire or flood compromised their paper-based information management system.

In any organization, there are operational areas where “productivity lapses” can occur as data moves from information to knowledge to action to drive more business.

**Let’s look at key process improvement areas—with a direct impact on any organization’s profitability:**

- **Financial impact** areas including process optimization in procure to pay, order to cash and financial close to reporting
- **Customer/revenue impact** areas including improved prospect-to-customer close rate, request for services optimization and efficiency
- **Operational costs** including improved product-to-marketing timing, improvements in products or services and audit/risk reduction
- **Agility** including improved time to market and increased adaptability to market change

**To improve key areas directly impacting profitability, organizations should:**

- Allow employees to focus on high-value tasks that help them achieve their business goals
- Help them do a better job of serving their customers, which drives customer loyalty, trust and satisfaction
- Give them instant access to the information they need to do their jobs faster and more efficiently
THE BUILDING BLOCKS

As any organization grows, so does the explosion of ad hoc processes necessary to get the work done – for example, Access databases used to manage customer data, spreadsheets to manage customer billings, unmanaged file shares to store departmental policy and procedure documents and multi-party emails to manage collaborative document reviews. Where to start in optimizing the efficiency of these processes? Look for areas in which your organization is feeling the pain of:

1. **Collaborative processes with multiple human decision points.** If people touch the process more than necessary or end-users have developed “workarounds” over time, process inefficiencies are most certainly at play.

2. **Multiple versions of the truth creating challenges.** When an organization has more than one version of a document within reach of its employees, it’s hard to be sure everybody’s working from the latest-and-greatest version. Without a single source of truth, business decisions are often made based on out-dated, inaccurate information. This begins a costly cycle of damage control and error correction. And the errors tend to compound across multiple processes.

3. **Manual manipulation or duplication of data entry result in errors and extra work.** Too many processes that have evolved over time seem to result in un-discovered multiple points of entry of the same data. Invoices are entered into the accounting system, then they are entered into the project tracking software, then they find their way to an analyst that captures the same data to build their performance metrics. Even with standard data-entry error rates, the compounding of the effects of all of this multi-entry can be a huge profit drain.

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The higher the complexity or number of touches in any process, the higher the ROI and profit improvement available through simplification and automation.

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**Decision Points/ Human Interactions**
Building Block #1: Re-engineering business processes

The key to achieving maximum productivity and profitability isn’t just automating a business process but often re-engineering it. For that reason, business process management (BPM) should be the key building block in any information management strategy. Why? Because BPM:

- Empowers people to work smarter by allowing systems to handle repetitive tasks, logistics and rudimentary processing, freeing users to focus on more high-value tasks and exception cases
- Helps peel away the steps of the current process to get to the root of the business objective of the process and eliminate unnecessarily complicated work steps
- Provides a way to understand and improve the way in which information moves through an organization
- Allows up to 80 percent of the human touches to be removed through the use of rule-based decision support and the notification of exception items to the appropriate people
- Supports management by exception. Rather than knowledge workers touching every piece of paper or searching folders daily to determine what might be missing, systems present only items requiring intervention, intelligently informing workers of missing information required for the completion of a process

Building Block #2: Maintaining a single source of the truth

Basing important decisions on antiquated information is simply bad business. Even with today’s advances in technology, workers tend to create their own silos of business information. The cost of rework and impact on customer service can have a severe impact on profitability. Enterprise Content Management (ECM) systems make accessing the most updated version of any business document (in other words, a single source of the truth) nearly effortless.

By definition, ECM is a set of tools and methods that allow an organization to obtain, organize, store and deliver paper-based and digital information more efficiently and securely. In the past, the accepted approach was to take a “tools” view that was all about incorporating eForms, workflows, automated data integration and records/retention management into an organization’s processes. But ECM is so much more. It’s a holistic approach to identifying and solving process pain. It isn’t about the tools; instead, it’s about establishing an end goal and applying the appropriate tools to achieve that goal.
Over the course of my career working with ECM, I’ve defined its role in this way: ECM is the tool that intuitively puts content, independent of its source or format, in the hands of the knowledge worker without them having to know that it exists or how to search for it.

ECM enhances productivity in three key areas:

• **Organizational efficiency.** ECM allows knowledge workers concurrent access to all relevant, up-to-date information needed to make a decision, or manage an exception. It enables intelligent work routing based on real-time events or business rules, improves efficiency and takes the “human” monitoring out of the process.

• **Compliance and litigation.** ECM helps organizations deal with compliance issues that demand more effective document management. It enables compliance with Sarbanes-Oxley, USA PATRIOT Act and NASD 3010, and also protects against litigation by appropriately securing and disposing of documents, thus ensuring privacy and retention requirements.

• **IT efficiency.** It’s generally acknowledged that growth rates of over 50 percent in data create the need for new storage technologies. ECM can help reduce growth rates and postpone new IT investment. It can also assist in offloading web content management, metrics reporting and the creation of electronic forms from IT to the business units.

**Building Block #3: Digitizing content**

For organizations drowning in paperwork, digitizing content by converting paper documents into electronic images is invaluable. Again, the prevailing view is that digitizing sooner rather than later will significantly benefit most organizations. Why? Because digitizing content not only allows employees to retrieve crucial documents in mere seconds, it automates business processes and as a result significantly increases speed and efficiency.
Let’s take a look at the most common pain points in both horizontal business functions across industries, and in vertical industries.

The accounts payable process has been historically document driven. This dated business model extends approval and payment cycles, creates inefficiencies and increases duplication and error through data entry, even when used with an ERP (Enterprise Resource Planning) or accounting system. An ECM solution can automate processes, eliminate touches, reduce mistakes, support management-by-exception, capture vendor discounts, and perform and augment 3-way matching. It allows an organization to work more productively without adding staff and to better understand where it stands financially.

The accounts receivable process is also typically paper-heavy, from order capture to payment. With ECM, however, efficiency is greatly enhanced, with documents immediately put in the hands of the employees and customers that need them. Disputes can be materially reduced and handled much more quickly and all but eliminate the labor time associated with research. Customer service is improved and DSO (Days Sales Outstanding) is lowered. Also, because organizations can better understand their financial health, decision makers can make choices and resolve issues based on accurate cash flow data.

In contrast to accounts payable and receivable, an organization requires its human resources department to manage people and provide support in a way that goes beyond reconciling numbers. Efficiency in the recruit-to-hire and on-boarding processes ensures that the best candidates are hired and integrated quickly into the organization. Once hired, each employee has a personal paper trail of items related to insurance, taxes, continuing education credits, promotions, disciplinary action, policy and procedure adherence and more. Efficiency is absolutely crucial, given that HR personnel in the U.S. earn an average of $35/hour and businesses lose $1 every minute someone in HR spends finding and modifying an employee’s file. 12

Some of the key pain points in HR include:

- Employee file management - Examples are I-9 forms processing and retention, personal data information, and employee compliance documentation
- Policies and procedures acknowledgment tracking
- Recruitment process optimization
- On-boarding and off-boarding work flow
- Employee case and incident management

With the right ECM solution, HR professionals more efficiently complete tasks, manage policies, deal with compliance issues and handle confidential information. By integrating ECM systems with existing HRIS (human resources information systems), HR Professionals can access relevant content from the HRIS in a user-friendly context from within the ECM system. The result is a paperless system that allows them to more efficiently manage the lifecycle of an employee from recruitment to off-boarding.
The health care industry is one in which the right solution can connect patients, doctors, data and ancillary services. ECM can tie together information outside of EMR such as supporting documents, forms, faxes, photos and clinical images to provide a complete picture of all patient information. By providing the bridge between EMR data, it allows practitioners to spend more time with their patients by having a centralized location for medical records and reduces the revenue cycle so that hospitals can operate more profitably. In the case of multi-location practices or remote facilities, clinicians have “brief case” access to all relevant information.

In healthcare facilities, ECM can provide interoperability support to connect the various departments that may operate disparate systems while protecting against unauthorized information access, ensure HIPAA compliance, and support the accuracy and efficiency of departments that don’t encounter patients on a daily basis but are nonetheless critical to the health care field, such as accounts payable and HR.

Some of the key pain points in Healthcare include:

- Patient registration and waiting room efficiency – capture information once and share with all departments with secured access anywhere.
- Clinical Care – instant access to all patient info stored both inside and outside of the EMR
- Remote/Ancillary Medical support – secure access to clinical information by physician offices, ambulance services, home care, ambulatory surgical centers etc.
- Facilities management – manage all facilities documents such as clinical equipment maintenance, CAD drawings, and blue prints
- Pharmacy order management and fulfillment process
Manufacturers in the 21st century face more challenges than ever. Operational and raw materials costs are on the rise, access to operating capital is falling and worldwide competition is growing. These challenges must be supported with a long-term ECM strategy that solves department-specific problems across an organization.

ECM technology works company wide, from order entry to shipping and receiving. Speed and quality in production is improved with automated quality control processes and centralized storage of design and product specs. With ECM in place, invoices and payments are processed more quickly, disputes are settled more rapidly with easier access to shipping documents, DSO is reduced and executives get a more accurate picture of cash flow. It also ensures a safer work environment by enhancing compliance procedures, with the tracking and maintenance of proof of policy and procedure changes.

Some of the common pain points in manufacturing include:

- In-bound and out-bound distribution process efficiency with centralized storage of all shipping and receiving documents and integration into back-end ERP systems
- Quality Control Process and documentation such as design and assembly change communications, equipment maintenance records and audit documentation
- Safety and Compliance – tracking and storage of policy and procedure changes, MSDS and incident reports
- Engineering and facilities document storage – centralized access to engineering and CAD drawings
The world of **higher education** is more competitive than ever. An ECM solution can optimize processes campus-wide, from admissions, financial aid processing and enrollment to back-office tasks in HR and finance. For example, it makes the undergraduate admissions process seamless by capturing and storing all parts of a student’s application. It also takes graduate student admissions to the next level by efficiently routing applications to review committee members before the best and brightest students slip away.

It helps federal aid departments do more with less in a tough economy, development departments more efficiently seek donations and manage donors, and registrars more effectively respond to an overwhelming number of requests for transcripts, graduate petitions, and add/drop/change requests for classes.

The **insurance industry** was one of the first to adopt electronic, rule-based workflow to optimize business processes. The benefits have been enormous. ECM systems give field workers immediate access to the documents they need and improves claims processing. It provides the accuracy and consistency that helps underwriting teams balance service with profitability and risk management. It helps customers in desperate circumstances get the information they need more quickly and supports back-office operations – accounting, HR and agency communications, all critical to the success of every insurance provider.
WHERE DOES IT HURT?

It’s easy to visualize how optimizing business processes with an ECM solution can improve an organization’s productivity. The question is this: How can that concept be translated into a tactical plan that can be implemented to make organizations more efficient?

The first step is to feel the pain. Most organizations don’t realize the full extent of their daily productivity pain and how the dysfunction affects the health of their entire operation. As with the human body, a small ache or minor symptom in an organization can be an indication of a more serious condition. The pain may be ignored and accepted as something to be lived with.

The same thing happens at work. Employees are aware of the day-to-day pains associated with their jobs because the hurt is acute. What they don’t know is the full extent of the pain and its far-reaching impact on the organization’s chances for success and profitability. It’s just something that they live with. There’s rarely a systemic view that drives the realization of the breadth and extent of the pain.

Like their human workers, what the business needs is a thorough examination, a diagnosis and a plan for treatment. An ECM expert can assess the organization’s productivity pains and provide solutions for increasing its efficiently in the following areas:

• Outdated, inefficient processes
• Compliance challenges
• Time to market
• Responsiveness to customers (customer service)
• Vendor relationships
• Missed revenue opportunities
• Staffing (under or over)
• Inability to report on data in a timely manner
When organizations consider the prospect of implementing ECM, the scope of the project can seem overwhelming. Multiple business units, systems and organizational groups will likely play a role in the process. Even with the right sponsorship, there may be internal pushback due to general resistance to change, fear of layoffs or political power plays. Without a true picture of a return on investment (ROI), there may also be pushback from the executive suite.

The first step is to take a Business Context view of the process, versus a technology view. That is, how do people and the business process consume, modify, process and output information to get their jobs done? To make the process more manageable, take a three-pronged approach based on people, process and technology. Here’s how each component fits into the big picture.

1. **People**
   Ask questions like, “How will this improve employee productivity?” and “Who should be included in the scoping and evaluation process?” Since people are the biggest indicator of the potential success of any process improvement endeavor, do your due diligence in this area. Make sure that your employees are heard, engaged and clear on the benefits that the changes will bring to their workday, their department and their company. Don’t be afraid to have them quantify the improvements. Although some will be soft-costs, most will be hard-costs which can be easily realized.

2. **Process**
   Ask questions like, “How can we optimize processes that have a positive effect on end-user productivity?” “Will this support the organization’s regulatory and compliance directives?” and “What industry-specific expertise is needed in our implementation partner?”

   Next, define what it is that you’re trying to solve or replace. Give reasons why. Typical reasons are the need to reduce costs, optimize inefficient processes, meet compliance or regulatory requirements, improve customer responsiveness and improve time to market.

   A simple, question-based discovery technique can be helpful in getting to the core objectives of your department. (The technique is built on the presumption that it takes at least three drill-down questions to get to the truth of an issue. Think of it as peeling back the layers of the process to understand the real challenge.) Here’s a typical Q-and-A scenario related to accounting:

   **Q1:** Why are you thinking of automating this process?
   **A1:** We are trying to become more efficient.

   **Q2:** What does efficiency mean to you?
   **A2:** It means taking the cost out of the invoicing process and minimizing errors.

   **Q3:** What kinds of errors are you experiencing?
   **A3:** We have a lot of rework. Our problems usually aren’t found until after we’ve closed our books, which means that we have to build a lot of manual journal entries into the next month’s closing. Up to 20 percent of our standard invoice coding needs to be adjusted.

   Aha! This wasn’t about efficiency. It was really about finding a way to eliminate coding errors on invoices and compressing the time required to close, which will yield a very different solution than simply “becoming more efficient.”
3. Technology

Ask questions like, “Which solutions can be designed to address the pains we’ve identified?” “Which technologies align with the needs of our users and our processes?” and “What are our mobility requirements?”

It isn’t just the software that ensures success. ECM is about pairing software with a strategic approach that looks at processes with a fresh eye. It’s usually not a one-size-fits-all solution. It’s about identifying business goals and then applying the appropriate tools to replace complicated with simple. The solution should have the capabilities to serve as a supplemental platform for technology trends such as big data, mobility, cloud and social media. Also keep in mind that you’ll want a solution that integrates and leverages the investments you’ve already made in line-of-business systems.

Finally, think about who you’ll be working with to implement your ECM technologies. Leveraging an implementation partner with a strong, well-documented Project Implementation Methodology (PIM), and equally strong Project Management skills is a best practice. Any highly rated ECM software solution will support an organization’s process improvement initiatives. The key to a game-changing transformation is through the use of a proven PIM framework to ensure that every required step in the process is covered, the results are documented in a standard way, and that the solution can be maintained and supported.
BABY STEPS: PLANNING SIMPLE SOLUTIONS

What’s the best way to make ECM implementation as seamless as possible? Baby steps. For instance, an organization may choose to:

- Take a phased approach with quick wins built into the process to increase organizational acceptance and deliver a rapid ROI
- Begin by implementing automation for routine but key processes such as accounts payable, I-9/HR onboarding, incident/case management, employee file management and employee feedback via a suggestion box eForm with workflow

In time, an organization’s workforce will gain a comfort level with the new automation and senior management will see increased productivity and ROI attached to the project. Now it’s time to phase in the next steps.

SCALING PRODUCTIVITY AND BUSINESS PROCESS EXCELLENCE

Once one or more phases of an ECM system have been implemented, productivity gains can snowball and self-fund across an organization. It can happen by:

- Starting with a quick win or departmental approach
- Allowing time for the changes to yield positive results
- Quantifying the success metrics
- Mapping those metrics back to corporate objectives
- Trumpeting the results to increase visibility
- Creating demand from other departments that want the same level of process improvements and accessibility

Other areas ripe for process improvement will quickly become obvious, and will have both the managerial and end-user support needed to evaluate and improve them. Thus continues the cycle of success generating momentum for future projects.

Another significant benefit of reaching for business process excellence is the improved human connection it can bring. In the words of Gartner Research, a leading provider of technology-related insight, “People don’t want computers. They want to relate, share, communicate, enjoy, learn, discover, analyze and create.” Improving the way they go about their work each day gives them a chance to do all of the above.
Putting ongoing process and productivity excellence into practice involves:

- Creating a culture of engagement in which everyone is working to a set of common goals and operational expectations. There must be a grounds-up approach and organization-wide commitment.
- Implementing processes that support overall organizational expectations and strategies.
- Understanding that any change will be met with some type of internal resistance and having buy-in from all business units, and a plan for change management.
- Recognizing and appreciating the human/employee role in getting business done.
- Securing senior leadership buy-in and providing continuous support and communication.
- Devising an ongoing communications strategy designed to convey success metrics and provide for employee recognition.
GETTING STARTED

When transitioning to an ECM solution, choosing the right tools and implementation partner is critical. At VeBridge, we’ve served as a trusted advisor enhancing the vital operations of our customers since 1998.

The first step in working with VeBridge is our Pain to Profit High Level Assessment during which we:

- Perform a high-level overview of departments and processes that you’ve singled out as opportunities for process improvement
- Identify manual steps and process integrations
- Prioritize areas in which improved processes and streamlining could make a difference to how your organization operates
- Determine areas in which automation would boost productivity
- Recommend potential solutions to address pain points
- Provide an overview of basic requirements of technology needed to achieve your goals
- Determine ROI impact areas

With the right ECM solution in place and the right partner by your side, the changes to your organization will be significant. Without the usual productivity pains dragging you down, your processes will be more effective, your people more empowered and your profits more in line with your potential.
Endnotes


3 PEX Network


5 Merrifield

6 Merrifield


8 Wunker

9 Wunker


11 The Paperless Project


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About VeBridge

At VeBridge, we relentlessly simplify, focus and enhance the daily connections between people, process and technology. Business process is your business; making it better is ours.

To learn more about increasing your organization’s productivity, please contact us toll free at (877) 859-5222 or info@vebridge.com.

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