

Chapter 2 BPI Approach

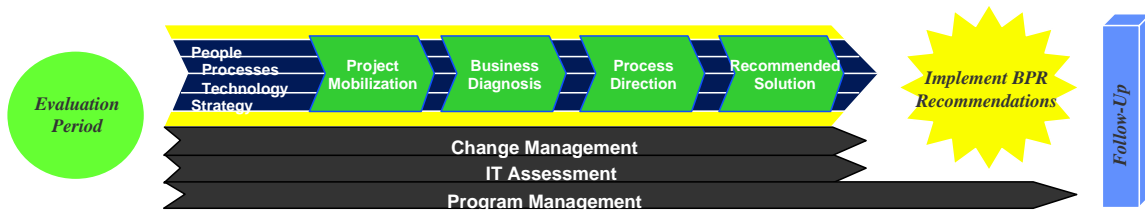
2-1 PURPOSE OF THIS CHAPTER

- B. The mission of the Department of Housing and Urban Development (HUD) is to “Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.” HUD’s Office of the Chief Information Officer (OCIO) has established an Office of Systems Integration and Efficiency to help move HUD toward this vision. Within this office is the Business Process Improvement (BPI) and Systems Integration Initiative. This document outlines the standard approach to Business Process Improvement that will be used for all BPI efforts undertaken by HUD. This BPI Approach Document is also designed as a scaleable approach for other BPI projects conducted at HUD.

- C. The purpose of this approach is to discern the importance of BPI to HUD, clarify the benefits HUD can achieve through BPI, describe how the BPI effort at HUD will be conducted, present the factors necessary for the success of BPI, and define the OCIO role in BPI efforts. The OCIO Initiative will include identifying and evaluating potential BPI opportunities, conducting BPI analysis, providing recommendations, and monitoring the implementation of recommended solutions, ensuring the application of enterprise-wide standards for IT across the Department

2-1 EXECUTIVE SUMMARY

- D. In order to better create and operate programs that are fully responsive to client needs, while also reflecting the standards of quality that the American public deserve and require, HUD is transforming itself through Management Reform. Process Innovation and Business Process Improvement (BPI) are key elements of this reform. Proper application of BPI techniques will permit quantum leaps in Department performance by aligning people, business processes and technology with HUD's strategic goals. Through the efforts of OCIO's BPI Team and a BPI Program Area Team -- system owners, stakeholders, users, and customers – process improvement will achieve its goals of redefining and streamlining processes; organizing, motivating, and empowering HUD's people; and capitalizing on advances in technology. OCIO's BPI team will apply a standard approach to the improvement of HUD's business:



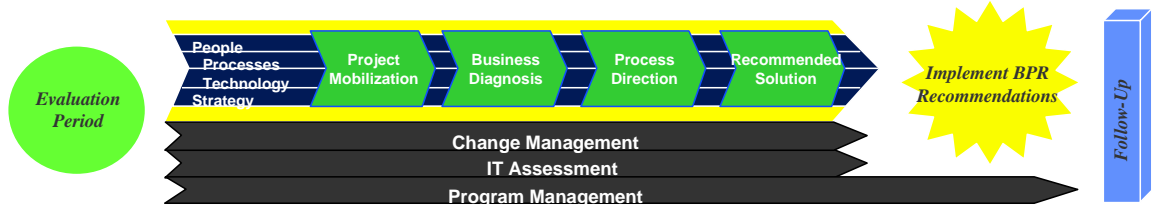
- E. With the active involvement of Program Area representatives, the BPI Team will identify and evaluate potential BPI opportunities. Selected opportunities will proceed through four phases of analysis:
- Project Mobilization,
 - Business Diagnosis,
 - Process Direction, and
 - Recommended Solution.
- During these phases, the BPI Team will gather information, apply best practices, and develop solutions to remedy existing process problems identified by the organization undertaking BPI.
- F. Change Management, Information Technology (IT) Assessment, and Program Management will figure prominently throughout each BPI effort. The BPI Team will continuously evaluate the integration of people and technology for overall process enhancement.
- G. After conducting detailed process analysis, and development of logical, effective solutions to the process challenges, the improved process will be presented to the Technology Investment Board

(TIB). Upon TIB concurrence, the process owner/Program Area will proceed with the actual implementation of the BPI effort.

- H. In order to document success and garner valuable enterprise lessons learned, the OCIO process analysis group will monitor implementation status and seek to receive feedback as to the ability of the new process to meet established performance measures.

2-1 INITIATIVE VISION. The Department of Housing and Urban Development's (HUD) information systems are aligned with its current mission and business, information system redundancy is reduced and automated processes are redefined so that HUD's operations are streamlined. This is the vision for the successful BPI Initiative.

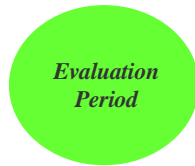
I. Overview of the BPI Initiative



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3. The above diagram is a comprehensive summary of HUD's BPI Initiative. It provides a visual explanation of the high-level activities that will occur during each Business Process Improvement project. The diagram highlights the activities that precede and follow the actual project, the Phases of BPI itself, and the elements that will be considered throughout the entire project.

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6. *Evaluation Period.* Potential projects for BPI will first be evaluated to determine whether or not the project is a feasible BPI and has the opportunity to be a success. The OCIO BPI Team will partner with the Program Area to complete a high-level cost/benefit analysis of the business environment, an evaluation interview, and an analysis of the results of the interview to create a score for the potential project. The score will be based on criteria that will evaluate the scope and framework of the project itself, as well as the organization's general readiness for change. All of the potential opportunities and their scores, if not acted upon immediately, will be collected and stored in case resources are available in the future to dedicate to these projects.

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8.

9. *Integrated Business.* The BPI Initiative at HUD will always strive to account for the integrated business of an organization. The people, processes, technology, and

strategy of an organization must all be addressed when improving any aspect of their business. These areas, as they exist currently, will be thoroughly reviewed in each BPI effort. They will also be addressed in any recommended solution, as all four are interrelated and integral to the success of any organization.

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Phase 1: Project Mobilization. Once the project has satisfied the evaluation criteria, it enters the Project Mobilization Phase. This Phase encompasses the activities necessary for moving the project forward. It includes concrete planning and preparation tasks, such as establishing and providing orientation to the Project Team, as well as creating Work and Communication Plans. To launch this Phase, the Team will present the BPI effort to the Technology Investment Board Executive Committee (TIBEC) for executive level support. Within this Phase, the Project Team revisits or creates the organization's guiding principles (including strategy), and establishes critical success factors, priorities, and goals for the BPI effort. Finally, the Phase begins preliminary analysis of the existing process by documenting the various stakeholders, including employees, customers, business partners, etc., that would be affected by process change, and brainstorming about potential Strengths, Weaknesses, Opportunities and Threats (SWOT) to the organization in a SWOT Analysis.

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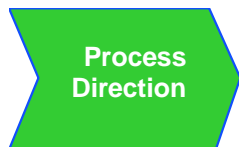


14.

15.

Phase 2: Business Diagnosis - "As-Is" Model. This Phase creates a comprehensive picture of the existing process to be improved, documenting the process itself as well as the people and technology that support the process. The Phase will outline any legislative, financial, business partner, and resource constraints that affect the process, and any other relevant business requirements.

16.



17.

18. *Phase 3: Process Direction.* This Phase lays the foundations upon which the final BPI recommendations are based. Phase 3 outlines the heights to which the Program Area aspires regarding the future process, as well as defines the gaps that exist between where the process is currently and where it should be. The idealized process will be outlined in the "To-Be" Document. It will map the process in its perfect state. The Document will describe the process as it would take shape with unlimited resources and no constraints. The Gap Analysis will be the most labor intensive deliverable, transitioning the process from the "As-Is" to the "To-Be". The Gap Analysis requires an in-depth analysis of the process and its areas for improvement. It utilizes a variety of tools that are accepted BPI best practices. The tools will continually question each step of the process, to determine its value or lack thereof, and how the process might operate with greater efficiency and effectiveness.

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20.

21. *Phase 4: Recommended Solution.* The final Phase will wrap up the BPI Project by presenting a realistic solution for improving the targeted process. The solution will take into account the business requirements for the process, scaling the ideal "To-Be" solution to create "implement-able" improvements for the organization. This solution will address people, process, and technology, as in the Business Diagnosis Phase. The solution will align with the organization's strategy and other guiding principles. The solution is defended by a Business Case and a Cost/Benefit Analysis, both of which provide the rationale for implementing the OCIO BPI Team's recommendations. The implementation plan will detail how the recommended solution should be implemented and will require that the recommended solution be submitted into the Information Technology Investment Portfolio System (I-TIPS) for budget review. The BPI Project will conclude the BPI effort with a formal transfer of knowledge and Program Area Sign-Off, to ensure that the appropriate parties have the information relevant to implementing the solution.

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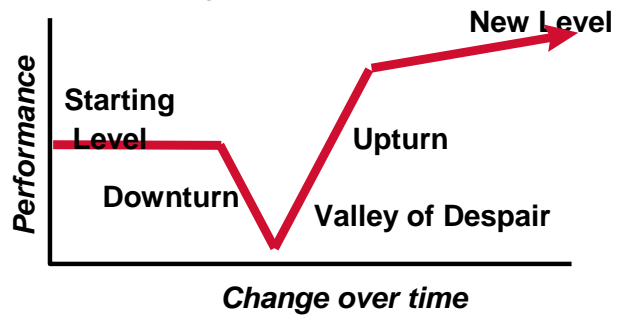
23.



24. *Change Management.*

a.

b. Managing change is one of the most critical elements to each BPI effort, and it must take place throughout the entire BPI effort. There will always be resistance to change, regardless of whether it is positively or negatively perceived. The curve below demonstrates how stakeholders, when confronted with change, will move through various levels of commitment. They begin indifferent, maintaining the status quo, then move to reject/denial, prior to turning towards acceptance and a higher level of performance.



c.

d.

e. Change Management, in the context of BPI, will focus on four key areas. Leadership will establish the vision, mission and agenda for change, and will then make executive commitment visible, constant and contagious. Ownership will create the environment for motivation and commitment throughout the change journey. Enablement will provide personnel with appropriate resources to accept new roles. Navigation will control the environment to manage, integrate, and coordinate multiple change efforts. Focusing on these areas throughout the process will help minimize any resistance to change.

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IT Assessment

27. *IT Assessment.* The available IT resources within the organization will be revisited throughout the BPI effort. The OCIO BPI Team will bring its expertise in technology to examine the IT resources that are currently utilized within the organization, as well as to recommend modifications in technology for the future improvement of processes. However, processes are not designed around

technological improvement. The idea of technology for its own sake will not be considered during a BPI effort. Rather, the redesigned business processes will be supported by the most effective use of technology. Where appropriate, the most exciting and innovative technology will be recommended, however, eGovernment and automation are not a panacea for process problems. Instead, the role of Information Technology is assessed throughout the BPI project, leveraging technology to support processes in the most efficient and effective way possible.

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Program Management

Program Management. Program Management, like Change Management and IT Assessment, is common to all project phases and is ongoing throughout BPI. It is the approach used to organize and administer individual efforts, and integrate those efforts into a closely monitored and cohesive program. The Program Management Framework incorporates a variety of goals, including planning and controlling the BPI Initiative, obtaining management commitment to BPI, developing and executing the team building process, developing and executing a reporting and communication strategy, ensuring integrity across individual projects, and preparing the organization for change through the development of leadership attributes. Not only is Program Management in effect throughout the BPI project itself, but monitoring and oversight will also take place throughout the implementation of recommended solutions.

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Implementation of Recommended Solutions. A new efficient and effective process can be designed, but the process is meaningless unless it is put into practice. The BPI Project Team will keep this goal in mind from the inception of the BPI effort to its conclusion. The likelihood of implementation is one of the criteria upon which the potential BPI Project is evaluated before beginning the effort. The OCIO BPI Team and the Program Area will work together to ensure that a realistic solution is derived so that the chances of implementation are optimal, though

the Program Area will have the ultimate responsibility for implementing recommended solutions.



34.

35. *Follow-up.* All BPI efforts conducted by the OCIO, as well as other HUD BPI efforts, will be followed up on by the OCIO BPI Team. This post-implementation review will ensure that HUD maintains a Department-wide understanding of how BPI has affected its processes. It will track the improvements that have been incurred as well as function as a resource for potential future BPI projects.

J. Goals for HUD's BPI Initiative. While the mission for each HUD Business Process Improvement project will differ, HUD-wide goals for the Initiative are standardized as the following:

1. Establish a strategic vision to:
 - a. Optimize long-term success and
 - b. Provide the best match between perception of value and the capabilities of HUD's infrastructure.
2. Redefine and streamline processes to:
 - a. Implement the strategic vision,
 - b. Achieve maximum effectiveness of HUD's resources,
 - c. Become key components of perceived value,
 - d. Assure that decisions made anywhere in the entire agency directly support HUD's business strategies and government mandates, and
 - e. Create better measures of organizational productivity and performance.
3. Organize, motivate and empower HUD by
 - a. Clearly communicating goals of individual BPI efforts early and often,
 - b. Recruiting champions of BPI projects, and
 - c. Demonstrating benefits.

4. Utilize appropriate technology to:
 - a. Support HUD's streamlined processes,
 - b. Provide information and tools to support its workforce, and
 - c. Enhance citizen and business partner relationships.

2-2 COMMITMENT TO BPI

K. Internal HUD Support for BPI Initiative

1. HUD's Strategic Plan 2000-2006 clearly supports the idea of Business Process Improvement. From *Strategic Goal 5; Ensure Public Trust in HUD*--"The Department has embraced management reform and process improvement to reduce overlap and duplication. . . . Proper application of BPI techniques will permit quantum leaps in Department performance by aligning people, business processes and technology with HUD's strategic goals. Through the efforts of a BPI Team, process improvement will achieve goals of redefining and streamlining processes; organizing, motivating and empowering HUD's people; and capitalizing on advances in technology." This support allows for processes that are results-oriented, transcending individual Program Areas to bring a final result to a customer. The placement of the BPI Initiative within the Office of the CIO - spanning the different Program Areas - creates a greater likelihood that cross-cutting reform will occur.
- 2.
3. HUD's FY2000 Business and Operating Plan already includes specific goals for BPI. Outcome 6.1.9.4 in the OCIO's office of Systems Integration and Efficiency states that "Business Processes [will] Improve the Delivery of Products and Services through innovative application of technology." Other offices have also addressed BPI in the Business and Operations Plan (BOP), including the identification of BPI opportunities as a goal for this fiscal year.

L. External Support for Public Sector BPI

- 1.
2. Business Process Improvement has been widely recognized as an effective approach for improving the ways in which agencies serve citizens. Strong support for BPI can be found in three key pieces of legislation, as well as in executive orders, and various memoranda and guides from management and regulatory agencies.
- 3.
4. The Clinger-Cohen Act of 1996, which was formerly known as the Information Technology Management Reform Act (ITMRA), emphasizes a more results-oriented approach to federal information technology investments. In support of BPI, the Act requires that business processes be examined for effectiveness, and improved if necessary,

before providing funding for IT investments to support these business processes. In effect, Clinger-Cohen is telling agencies to assure that they are not perpetuating inefficient and ineffective processes. BPI is a method for examination and improvement of agency processes.

- 5.
6. Like Clinger-Cohen, the Paperwork Reduction Act (PRA) of 1995 emphasizes “achieving program benefits and meeting agency goals through the effective use of information technology” (GAO- Business Process Reengineering Assessment Guide). PRA encourages the effective implementation of new technology where appropriate, as opposed to advocating automation solely for its own sake. Improved business processes resulting from a BPI effort will make clear where new technology is necessary and where existing technology can be streamlined.
- 7.
8. Other pieces of legislation, including the Government Performance and Results Act (GPRA), focus on performance measurement and the reporting of improvements in performance. BPI is one way to approach the reassessment and refining, of mission, goals, and strategy that is called for in the GPRA.
- 9.
10. The Office of Management and Budget (OMB) has published a variety of memoranda that require business processes to be improved as a major component of the information technology investment process, the performance measurement process, and the strategic information resources management initiative. OMB encourages strategies for improving agency programs and operations to improve efficiency and effectiveness through the careful application of information technology.
- 11.
12. The General Accounting Office (GAO) has published innumerable guides to BPI and Information Technology Strategy, all of which tout BPI as an approach to a critically important improvement in business processes. “Achieving major levels of cost savings and performance improvement nearly always requires that agencies redesign the business processes they use to accomplish their work.”(GAO - Business Process Reengineering Assessment Guide).
- 13.
14. The government and its citizens are increasingly more conscientious of government spending and accountability. For this reason, BPI will continue to be an important part of HUD’s efforts to streamline itself and thereby provide

its customers and business partners with the best possible service.

2-1 BENEFITS OF BPI

- M. The benefits of performing Business Process Improvement are far reaching and innumerable. Generally, BPI creates superior business performance from superior business processes. BPI improves efficiency and effectiveness within an organization, fundamentally changing the way an organization conducts its business.
- N. Specific benefits of BPI include the development of processes that are:
1. Customer-driven
 2. Results-oriented
 3. Streamlined
 4. Automated/less paper dependent
 5. Innovative
 6. Flexible
 7. Owned by a committed and responsible leader
 8. Integrated across organizational boundaries
 9. Supportive of HUD's core mission and values
 10. End-to-End in nature
 11. Continuously reviewed and improved
 12. Value-adding activities
 13. Cost-Efficient
 14. Timely
 15. Productive
 16. High Quality
 17. Measurable
 18. Easily Learned
 19. Utilizing the latest improvements in technology
 20. Relevant in the new Internet economy
- O. Depending on the extent of the individual BPI project, some or all of these benefits will be realized upon the project's completion. Efforts that are more far reaching in scope will realize greater benefits, though they will also require a greater level of effort to do so.

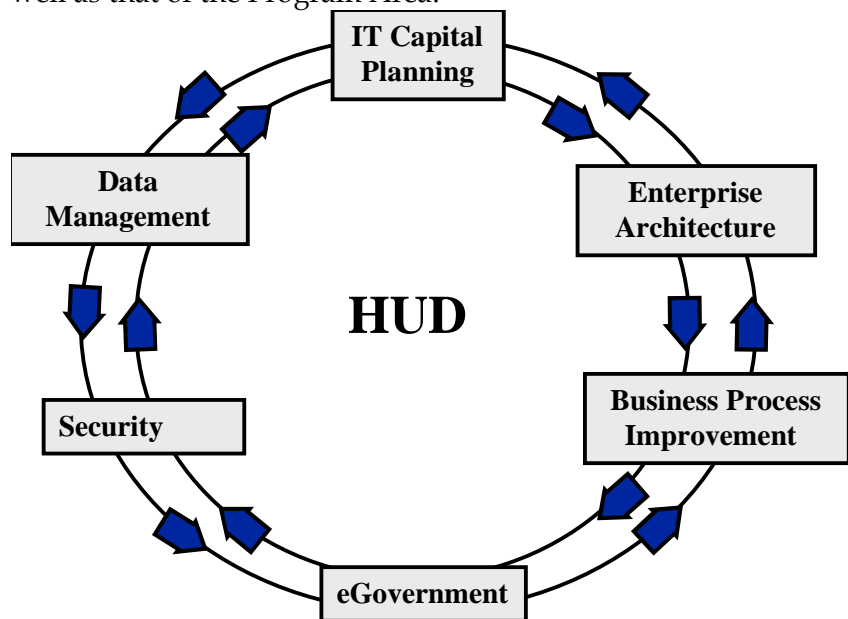
2-1 SCOPE OF BUSINESS PROCESS IMPROVEMENT INITIATIVE

- P. The first critical step in any Process Improvement effort is to determine the magnitude and scope of change being sought. Clearly defining the change is essential to each project's success. The overall scope of the BPI Initiative is dependent upon each individual BPI project sponsored by the CIO's office. When each project is identified the OCIO BPI Team will work with the Program Areas to agree on the scope of improvement. Together we will determine whether the focus is on core processes, selected functions or the entire value chain.

- Q. The HUD Business Process Improvement Initiative is intended to be an ongoing process. The OCIO BPI Team will continue to tackle individual BPI projects as long as there is need for process improvement at HUD.

- R. Identifying BPI Opportunities

1. The OCIO BPI Team encourages HUD's leaders to ask themselves, if they were recreating HUD's business processes today, given what they know and given current technology, what would the processes look like? A need for BPI exists when process exceptions become the standard and reworking must be conducted to correct errors. In such instances, ad hoc structures, as opposed to established processes, are used to address problems. Other indications of a need for BPI include redundancy and poor communication across an organization. Inefficient processes can result in problems for the customer such as an inability to work with one single point of contact for the organization. However, the processes also adversely impact the employees who must overcome layers of overhead and tackle many challenges to understanding the processes.
- 2.
3. Opportunities for Business Process Improvement in the OCIO will be identified through two methods. First, the OCIO BPI Team will solicit Process Improvement opportunities from the Program Areas and other offices at HUD. Second, the OCIO BPI Team will identify potential BPI opportunities by analyzing areas in which OCIO perceives a need for BPI. The OCIO BPI Team will then approach the Program Areas to further pursue potential BPI opportunities. The OCIO BPI Team is a resource for these groups to rethink and improve inefficient processes, aligning them with the overall vision/strategy of HUD as well as that of the Program Area.



- 4.
5. The following examples are potential resources for

identifying a need for BPI. This list is by no means exhaustive, but provides examples of how BPI opportunities may come to light through the above identification methods.

- a.
- b. *eGovernment.* Bringing eGovernment to HUD will require the development of innovative new processes, the redesign of existing processes, and the careful application of technological advancements to support those new and redesigned processes. BPI will play an integral role in these requirements, and will act as a true prerequisite to eGovernment implementation.
- c.
- d. *Enterprise Architecture.* The analysis of HUD's business, data, application systems, and technology performed by the Enterprise Architecture team will help map out the existing flow of information and services at HUD. This blueprint will make evident areas in which technology overlaps and greater efficiency is needed to carry out HUD's mission.
- e.
- f. *Data Quality.* The Data Quality team will highlight areas in which incorrect and redundant information is generated. Altering the processes that produce this information will prevent further creation of false data. The data quality initiative will also help to centralize access to commonly shared data at HUD, and to improve data flow between systems and business partners.
- g.
- h. *Program Area Working Group.* As a body that brings together the various Program Areas, this group can draw upon its cross-functional connections to identify improvements that would span HUD's traditional boundaries. These opportunities, in particular, will demonstrate the quantum leaps in performance that BPI can generate.
- i.
- j. *IT Capital Planning.* IT Capital Planning has a snapshot of the many current and future IT application systems and enhancements at HUD. This Department-wide vantage point enables the IT Capital Planning effort to identify

overlapping initiatives at HUD. The BPI Project Team can assist in removing this overlap and designing a more efficient single process.

k.

1. *HUD Strategic Plan.* The HUS Strategic Plan details goals for the Department through 2006. Achieving many of these goals will involve process improvement, enabling offices to achieve compliance with HUD's mission. The OCIO BPI Team can assist in realizing these essential improvements.

m.

- n. *Inspector General (IG) Audit.* IG Audit findings identify particular areas across the Department that require process improvement.

o.

- p. *Technical Services and Operations.* The Technical Services and Operations offices support all technology at HUD, both in terms of how Program Areas operate as well as what form of technology is used to complete their jobs. The offices work on the maintenance and production requests for HUD's systems. These requests may be used as a band-aid to mask inefficient processes that may need to be reworked as opposed to masked. Through their daily functions, these offices may therefore be able to identify areas in which a process is not as efficient or effective as it could be.

q.

- r. *Legislative or Executive Input.* The interests of Congress and the President quickly become the interests of HUD. As the Department is responsive to Legislation and Executive mandates, the BPI effort will provide a framework with which HUD can more readily reinvent itself to the satisfaction of the legislative and executive branches, and to ultimately meet the needs of the US Citizens.

s.

- t. *Field Offices, Business Partners, and HUD Customers.* As the stakeholders closest to the process, these groups have the best perspective from which to suggest change. Stakeholders are able to clarify when the process is not working or does not meet their needs. The

OCIO BPI Team encourages their suggestions, contributions, and input to BPI efforts.

u.

- v. *Technology Investment Board Executive Committee (TIBEC)*. The TIB has access to and approves all of the technology initiatives at HUD. Through its objective handle on HUD's systems, it has the opportunity to identify cases of redundancy and inefficiency that could be improved with BPI.

S. Evaluation of Possible Opportunities

1. HUD's environment is a complex interaction between structure, functions and processes, application systems, technologies employed, and the people and culture that influence the organization's success or failure. Improving processes in this environment requires an approach that takes all of these interactions into account and supports the design and implementation of integrated organizational change.
- 2.
3. Each opportunity presented to or identified by the OCIO BPI Team will proceed through an evaluation prior to engaging in process improvement. This high level evaluation will enable the OCIO BPI Team to determine whether the opportunity legitimately necessitates BPI or whether another approach would be more applicable to the situation. In addition, the evaluation process will help approximate the overall breadth of each engagement and develop a high-level cost/benefit analysis of the current situation. Once the evaluation is complete, it will be added to the prioritized list of opportunities, to ensure that the OCIO BPI Team addresses the most critical issues facing HUD.
- 4.
5. Evaluation of an organization's need for improvement starts with a high level assessment. An organization must analyze what it is doing before it can decide how it might be done better. The evaluation process will take the format of a interview between the OCIO BPI Team and the sponsor of the potential project. High level questions will help determine a framework for the project itself, as well as the organization's general readiness for change.
- 6.
7. The OCIO BPI Team will analyze the responses to the interview questions and provide a score for the potential project. The score is calculated on the basis of the

organization's response to the questions and the use of the Internal Evaluation Tool. (See Appendix A for the Internal Evaluation Tool including specific evaluation questions.)

Steps to producing this score are as follows:

8.
 - a. Responses to related questions are grouped into high level criteria.
 - b. Each criterion is ranked on a scale of 1 to 5.
 - c. The rank is then multiplied by a pre-assigned standard weight, based on the criterion's criticality to BPI success, to derive a score.
 - d. The sum of the scores is the overall score for the project.
- 9.
10. The score will determine project risks and general feasibility, as well as prioritize multiple BPI projects.

2-1 PROGRAM MANAGEMENT FRAMEWORK

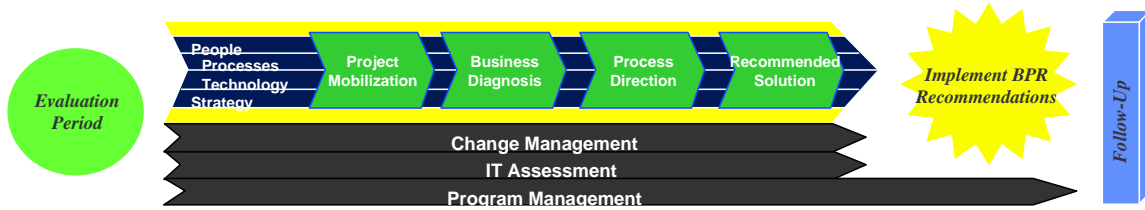
- T. Each Business Process Improvement (BPI) project sponsored by the OCIO BPI Initiative will be a managed effort, with structured reporting processes, established goals and milestones, and consistent measurement of performance. Although specifics of program management might vary for individual projects, the Program Management Framework outlines a standardized structure for management and planning that will apply to all BPI projects. This structure includes both business management processes as well as people management processes. Workforce planning must take place in order to achieve strategic objectives and optimize performance.
1. *Scope.* Scope definition and control are critical to the success of a BPI project because of the many ways in which the methodology can be used. It is essential to have a clear definition of requirements and agreement upon the responsibilities of the organization's staff members, the BPI Project Team and management. In order to achieve the original goals, a BPI project must adhere to the original scope definition. Enlarging the project scope will only impede a Project Team's ability to focus on and achieve the original milestones.
 - 2.
 3. *Project Plan.* A project plan must be developed, based on realistic time estimates, to provide a baseline against which progress can be measured. Workforce planning can be used to increase organizational capabilities while reducing costs and risks. By planning ahead, an organization can optimize control and predictability of the BPI effort, thus leading to successful change. This plan will include project goals and standardized project milestones relating to each phase of BPI, and assign resources in a way that ensures skill and competencies are properly directed.
 - 4.
 5. *Process Owner.* At the beginning of any BPI project, a Process Owner must be identified. This person must be a senior-level manager who carries prestige, credibility, and clout in the organization and has the necessary authority to control resources, bring about agreement on requirements, and approve plans and deliverables. This person will be the owner of the redesigned process. Without strong leadership and active involvement, the project will not be successful. The organization conducting the project must assume full responsibility and ownership for the project. Without this ownership there

will not be acceptance from those most affected by the changes.

- 6.
7. *Project Staffing.* The selection of staff for the BPI Project Team is important as there are different levels of expertise and many types of skills required at different stages of the project. People should be selected on the basis of their skills, experience and training. The optimum Project Team will consist of individuals whose abilities and experiences are matched to the business requirements and goals of the BPI effort. To effectively deploy its workforce, an organization should use the goals of BPI to match the right people with the right roles.
- 8.
9. *Project Management.* A BPI project organization structure must be established to oversee the levels of performance throughout the entire process of the BPI effort. An Executive Committee should be named to (1) enable and support the Process Owner and the BPI Project Team and (2) coordinate all ongoing redesign activities. The BPI Executive Committee will be responsible for communicating and developing commitment to a common vision across the organization, aligning company resources to key strategic initiatives, achieving the required changes and results, and measuring the impact of changes.
- 10.
11. *Reporting Structure.* To ensure all projected BPI goals and objectives are achieved, it is important that management recognize the need for a regular and consistent reporting structure. Each BPI project will establish a schedule for reporting status to executive level management. Reporting will occur on at least a bi-weekly basis. The OCIO BPI Team will oversee all BPI reporting.
- 12.
13. *Communication Strategy.* Communication ensures that employees have a sense of direction and a connection to the organization. It is essential that communications are two-way, so that employees at all levels are able to learn and share ideas. This includes using the communication process to solicit and address concerns as they arise, and to gather and address feedback. Management plays an important role in communication strategy and planning, which is constantly revisited throughout the BPI effort. Business leaders have a primary responsibility for managing regular communications. Each BPI project will develop a communication plan based on guidance from the OCIO BPI Team.
- 14.

15. *Program Area Sign Off.* Sustaining high levels of performance and ownership are essential to supporting the ongoing benefits of the BPI effort. In order to maintain these levels, sign off procedures for all BPI efforts will be established. Each sign off will be recorded in order to ensure consistent and organized communications.
 - 16.
 17. *Continued Oversight.* If the recommended solutions from the BPI effort are implemented, the Program Management aspect of the project will continue. During implementation, the OCIO BPI Team will continue to monitor the BPI effort and be available as a resource to the Program Area and Process Owner. This oversight will ensure that the BPI recommendations are understood and implemented effectively.
- U. Post implementation of the BPI solution, the OCIO will continue to receive updates on how the revised process is meeting its performance measures and adding value to the organization. These updates will be presented to the OCIO by the Program Area on a quarterly basis. They will assist in monitoring the overall success of BPI at HUD.
- V. If the Program Area decides against implementing the BPI, the Process Owner must explain in writing to the CIO the rationale for not utilizing the recommended solution.

2-1 METHODOLOGY



A. Phase 1: Project Mobilization

2. Once a project has satisfied the evaluation criteria for BPI, and has been selected as a BPI project, it will enter the Project Mobilization Phase. The purpose of this first Phase is to prepare the organization undergoing BPI for the changes that will follow. The preliminary planning and scope definition will occur during this Phase.
- 3.
4. The Process Owner will be identified during the evaluation period that precedes Phase 1. The first task of BPI will be to confirm that the BPI effort has executive support both within and outside of the Program Area. This confirmation will be followed by the creation of the rest of the Project Team. A meeting will be held with the Process Owner to identify resources available for consultation regarding the process, specifically to identify Subject Matter Experts (SMEs). The SMEs are the individuals most familiar with the inner workings of the to be redesigned process. The SMEs and Process Owner will comprise the BPI Program Area Team (BPAT). The OCIO will provide in-depth training on BPI, so that Program Area personnel are comfortable with the key tenets of BPI, and understand how to identify areas for process improvement within their organization. The role of the BPAT will also be discussed at this point. In most cases, BPAT roles will not require full-time commitment. The OCIO BPI Team will have the primary responsibility for the creation of the deliverables while the SMEs will be relied upon for contribution to those deliverables. Together, the OCIO BPI Team and the BPAT will comprise the overall BPI Project Team.
- 5.
6. Once the key personnel are prepared to work on the project, the Project Team will review the existing guiding principles for the Program Area, to determine whether they still reflect the mission, vision, goals and structure of the organization. Businesses undergoing BPI must possess the courage to create, if necessary, an entirely new

organization, which includes a new vision, new structure and new culture that will enable them to remain competitive. Strong Guiding Principles are critical to a successful BPI effort because they establish both the existing organizational structure, as well as the future direction of the organization. BPI must consider where an organization is, and where it is going, when determining the appropriate solution for an ineffective process.

7.

8. After Guiding Principles are in place, the BPI Project Team will begin to establish the framework for the BPI project, laying down specific critical success factors, priorities, and goals for the BPI effort, a communication plan to outline frequency and media for communication throughout the project, as well as a formal work plan and timeline to define the scope of the BPI effort.

9.

10. The final part of the Project Mobilization Phase will be to begin some preliminary analysis of the organization, paving the way to the next Phase, Business Diagnosis - "As-Is" Model. The OCIO BPI Team will perform a Stakeholder Analysis, to identify all of the parties affected by the process and determine their opinions on process change. Benchmarking will be performed to ensure that HUD's processes eventually meet industry standards. A SWOT analysis will also be completed, to brainstorm about internal Strengths and Weaknesses, and external Opportunities and Threats to the organization.

A. Tasks for Phase 1: Project Mobilization Phase

11. **Solidify HUD-wide Executive Support for the BPI Effort**
12. **Establish BPI Project Team--Identify Process Owner, SMEs, Executive Committee**
13. **Introduce BPI – presentation to Program Area BPI Team**
14. **Review/Establish Guiding Principles**
15. **Establish BPI Project Framework**
16. **Conduct Preliminary Analysis**

A. Deliverables for Phase 1: Project Mobilization Phase

17. **Task: Solidify HUD-wide Executive Support for the BPI Effort**
 - a. *Program Area Kick-Off Document.* The Process Owner will be required to kick off the BPI effort by signing the Kick-Off Document. This

document validates that the Program Area does in fact wish to use the OCIO BPI Team to evaluate its processes. It also confirms that the Program Area will make available any resources necessary to effectively improve the process. (See Appendix B for the Kick-Off document.)

b.

- c. *Technical Investment Board Executive Committee (TIBEC) Presentation and Approval.* The TIB is responsible for all technological investment at HUD. Therefore, prior to engaging further in an individual BPI effort, the BPI Team will present the need for a specific BPI project as well as the benefits that the Team is looking to produce. The BPI Team will look to the TIB for its approval prior to proceeding.

18.

19. Task: Establish BPI Project Team – Identify Process Owner, SMEs, Executive Committee

a.

- b. *Organizational Chart- Roles and Responsibilities of Project Team.* The Organizational Chart/Roles and Responsibilities document will lay out the key personnel involved in that particular BPI effort. The key personnel will include both the OCIO BPI Team, the BPI Program Area Team (BPAT), and the Executive Committee members. The document will also specify the high level responsibilities of each of those team members. Generally, the BPAT members will be responsible for providing the content of deliverables, whereas the OCIO BPI Team will be responsible for the creation of those deliverables. The Executive Committee will be relied upon for continued support and sponsorship of the BPI effort. The document should include names, titles, and role descriptions for all individuals on the BPAT. This will clarify in which areas each subject matter expert has a large knowledge base, so that the OCIO BPI Team can ask the right questions of the appropriate people.

20.

21. Task: Introduction to BPI – presentation to BPI Program Area Team

a.

- b. *BPI Presentation.* This presentation will make the BPI Program Area Team feel comfortable with the idea of BPI. It will introduce them to key concepts and begin the process of involving all stakeholders in the process. The presentation will include a definition of BPI, benefits of BPI, critical success factors and risks, purpose and history for the specific BPI project, and a high level introduction to the methodology. The most important aspect of the presentation will be to introduce the concept of working together to manage change. This portion of the presentation will outline roles and responsibilities for the BPI Project Team as well as emphasize that the effects of the BPI effort on the organization will be monitored and managed appropriately.

c.

22. Task: Review/Establish Guiding Principles. The OCIO BPI Team will work with the BPAT to verify existing guiding principles or create original guiding principles.

a.

- b. *Mission Statement.* A mission statement indicates the purpose of the business or organization. An example of a mission statement is the following, "XYZ's Interactive Voice Response System provides a cost-effective channel to enhance XYZ's position as a customer-focused supplier of choice for technically innovative, user-friendly products and services." In this statement, the company clearly communicates how it intends to serve its markets to achieve competitive advantage and maximize stakeholder value. Mission statements define an organization's core business. A statement such as this is infinitely clearer than saying "we are here to serve the people". The following are areas to consider when developing/revising a strong and valuable mission statement:

(1)

- (2) What the organization is/does
- (3) Primary services
- (4) Key processes and technologies

- (5) Main customer groups
 - (6) Principle channels/outlets
- c. *Vision Statement.* The vision statement of an organization represents the agreed upon values and beliefs for the future state of an organization. It is critical that any proposed BPI solution is aligned with the organization's vision. The vision presents a picture of the business in the future in terms of it's leadership and management team, employees, business partners, political status, size and objectives. The vision of an organization answers the question, "Where do we want to be?"
- d.
- e. *Organization Goals and Strategy*
 - (1) The goals of an organization are declared in terms of the results it needs or wants to achieve in the medium or long term. In planning or revisiting goals, it is essential to realistically define the current organization. This will ensure that the expectations and requirements of major stakeholders, including employees, are maintained. Goals must also be consistent with the organization's mission and vision.
 - (2)
 - (3) Organizational strategy is the approach that a business takes to achieve its vision, mission and strategic goals. It covers: intent and direction, overall value proposition for stakeholders, performance objectives, required business capabilities, leadership, asset protection and legal and financial structures. The strategy focuses on how an individual business unit, or Program Area, will succeed within the larger organization, or agency.
- f.
- g. Revisiting or developing these guiding principles will help the OCIO BPI Team determine how the organization perceives itself and its direction. This knowledge will be

critical in the creation of a realistic recommended solution for the BPI effort. It will assist in assuring that the recommended solution is aligned with the guiding principles that are core to the organization. (See Appendix C for additional examples of vision, mission, objectives and goals of an organization.)

h.

23. Task: Establish BPI Project Framework

a. *Priorities for this BPI Project.* This deliverable will be a simple, perhaps bulleted list, of goals or priorities for the BPI Project. It will include issues or problems with the process undergoing Process Improvement, as well as any other value the organization plans to derive from executing BPI. The deliverable will be more specific to this particular effort than the goals established in the Guiding Principles.

b.

c. *Critical success factors for this BPI Project.* High level, general, critical success factors for the BPI Initiative undertaken at HUD are established later in this document. (See Section VIII) The critical success factors outlined in this deliverable will be specific to this organization and this unique BPI effort. The main question driving the identification of these factors will be "What needs to happen in order to successfully execute and implement a BPI effort in this particular organization?" The factors may be modified versions of the general ones identified in Section VIII, or they may be completely distinct. In either case, the critical success factors must be adhered to throughout the duration of the BPI effort.

d.

e. *Communication and Ownership Plan*

- (1) In order for any BPI project to be successful, precise and appropriately timed communications must occur among the relevant stakeholders. Communication will facilitate the creation of ownership and sponsorship for the proposed BPI effort, ensuring that stakeholders are

aware of the project and are prepared to provide the required support and acceptance. To ensure that each stakeholder is aware of the progress of the BPI effort, different communication vehicles will be used for particular stakeholders. The Communication and Ownership Plan will document specific objectives and activities for communication and sponsorship of the BPI effort. The Plan will serve as a management tool to help facilitate, support, and promote the BPI effort to the appropriate individual stakeholders.

(2)

(3) The Communication and Ownership Plan will also provide an overall framework for managing and coordinating the multitude of communication that will directly or indirectly take place as part of the BPI project. The Plan will address audiences, messages, and communication channels to ensure that the BPI effort will provide relevant, accurate and consistent information to the organization at all times. (See Appendix D for an example of the Communication and Ownership Plan.) Without this plan, it would be very difficult to achieve the required level of support for the BPI efforts.

f.

g. *Work Plan.* A high level work plan is established in this document. It lays out rough guidelines as to how long each BPI phase and deliverable will take to complete. (See Appendix E for the high level work plan and timeline for deliverables.) A detailed project work plan for each BPI effort will be completed during this Phase. The detailed work plan will build off of the high level work plan to outline a more specific timeline for the project, including phase lengths and due dates for the various deliverables. The scope of the project will

determine the length of time necessary to complete all deliverables. Therefore, the scope of the individual BPI project will be clarified in this document, as the work plan will outline the level of effort necessary to complete the BPI project.

24. Task: Conduct Preliminary Analysis

a. *Stakeholder Analysis*

- (1) The Stakeholder Analysis outlines the individuals that are impacted by the process being improved, including employees, customers, business partners, and suppliers. Often, an organization may not even be aware of every group that has an interest in or is affected by how they do business. The Analysis explains implications of the constructive and destructive behaviors that stakeholders may exhibit during the change journey giving suggestions for overcoming destructive behaviors and capitalizing on constructive ones in order to improve sponsorship. This analysis provides guidance on determining whether stakeholders are sufficiently committed to achieving a successful new process.
- (2)
- (3) The Stakeholder Analysis will address the unique needs of each stakeholder group and assess the current and desired commitment level of each stakeholder. Commitment levels will range from total acceptance of changes that may be implemented by the BPI effort, to basic awareness of the project. The Stakeholder Analysis will also address the accountability of each stakeholder using a commitment curve and address the roles and responsibilities of each stakeholder. The primary purpose for the

Stakeholder Analysis is to prepare the groundwork for managing and communicating the change to all effected individuals. (See Appendix F for an example of a Stakeholder Analysis.)

b. *Benchmarking*

- (1) Benchmarking provides objective information that helps organizations know where they stand in comparison to institutions with similar business processes. It provides insight into the gaps that must be overcome before desired goals and objectives can be achieved. Benchmarking builds the basis for recommendations on changes and improvement strategies to “close the gap”. Most organizations want to be a step higher than they are. Benchmarking is the vehicle to understanding best practices, to improving processes as well as to convincing and committing management to put change into action.
- (2)
- (3) In total, benchmarking helps the organization focus on what should be done, and how to take the right strategic (and operational) decisions toward their goals.
- (4)

c. *SWOT Analysis*

- (1) The SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis is a structured group technique used to identify the internal and external forces that influence an individual office's position within HUD. The SWOT provides Program Area input into the development of the strategy and vision for the BPI effort by encouraging consideration of the

organization from different perspectives. It improves management decision making by clarifying the organization's internal and external position.

(2)

(3)

The analysis will be conducted by the OCIO BPI Team, and members of the BPAT will participate. A brainstorming session with these individuals will enable the gathering of valuable, candid information about the office's processes. The SWOT Analysis, when conducted, will allow the OCIO BPI Team and the HUD office to get a sense of the internal environment – strengths and weaknesses – as well as the external environment – opportunities and threats – in order to clarify ideas and develop an action plan. (See Appendix G for an example of a SWOT Analysis.)

A. Tools/References Available for Phase 1

25. *Interviews/Focus Groups/Surveys.* Interviews, focus groups and surveys will be the main vehicles used in the BPI effort to collect information, not only in this Phase, but in all phases. These vehicles will be facilitated by the OCIO BPI Team.
- 26.
27. *Existing Organizational Documentation.* Any existing information about the organization's guiding principles (mission, vision, goals, strategies, etc.) will be leveraged in this Phase.
- 28.
29. *Audit Results and Federal Regulations.* Audit results and federal regulations will help to establish priorities for BPI. If portions of a process are under scrutiny from the Secretary, Congress, or other Federal Regulatory body, they will be of a higher priority. In addition, activities that have been subject to an Internal or External Audit will take priority.

A. Phase 2: Business Diagnosis - "As-Is" Model

30. The second Phase of the BPI project will create a comprehensive picture of the current business process. All aspects of the business processes will be documented, including the business, the people and the supporting technology.
- 31.
32. The first task in the Business Diagnosis Phase will be to create a visual snapshot of the process. This task will include mapping the process itself, breaking it down into sub-processes if necessary, and modeling the process within the larger context of the Program Area and HUD.
- 33.
34. After the process is laid-out, the technology that supports the process will be documented. This will include systems (both hardware and software descriptions) , internal interfaces, and external interfaces. The "As-Is" Technology will then be mapped to the "As-Is" Process, showing precisely how technology supports each step of the process.
- 35.
36. Once "As-Is" Technology and Process are defined, the people who support the process must be identified. The documentation of the "As-Is" Organization will include developing an organizational chart for the process, documenting the roles and responsibilities of each person involved in the process, and then mapping the individuals involved to specific steps in the overall process. This task will also include performing a change readiness evaluation, to gain a better understanding of the culture of the organization. The "As-Is" Organization deliverables will highlight the parties responsible for the process and how they support the process. The task will also grant these parties an opportunity to express how they feel about the process itself and the organization as a whole, in the context of perceived change.
- 37.
38. Finally, the previously documented information will be consolidated and analyzed in the "As-Is" Analysis document.

A. Tasks for Phase 2: Business Diagnosis - "As-Is" Model

39.

40. **Document the "As-Is" Process**

41. **Document the "As-Is" Technology**

42. **Document the "As-Is" Organization**

43. **Establish "As-Is" Key Performance Indicators**

44. **Identify Business Requirements**

45. **Develop "As-Is" Analysis**

46.

A. Deliverables for Phase 2: Business Diagnosis - "As-Is" Model

47.

48. **Task: Document the "As-Is" Process**

a. *Process Map*

- (1) A Process Map is a schematic diagram of a business process that:
- Demonstrates the flow and sequence of work tasks and information
 - Highlights key decision points and their impact on workflow
 - Details major inputs and outputs of the process

(2)

- (3) Process mapping is used to define and understand existing processes and serves as a basis for developing a "blueprint" for redesign. It emphasizes the task results, customers of the process and the time elapsed between tasks. The map shows the inter-relationships and relative timing of the process at lower levels of detail. These lower levels of detail allow for a better understanding of where process improvements must be made and where operations are currently being performed.

(4)

- (5) Process mapping can help in documenting and communicating the actual process, which is often different from the perceived,

designed or officially-sanctioned process. After the true process is determined, the BPI Project Team then has a basis for evaluating potential process changes or standardizing similar processes across locations or functions. The map will document where non-value adding tasks are undertaken and will identify opportunities to reduce lead times by performing tasks in parallel or eliminating tasks. (See Appendix H for an example of a Process Map.)

b.

(1)

c. *Business Process Model*

(2) The Business Process Model builds on the Process Map. The Business Process Model is the complete package around the process. The Model is useful because it provides a summary view of the big picture rather than just a single process. It graphically illustrates process relationships and serves as a framework for defining operational vision and winning practices.

(3)

(4) The Business Process Model provides a summary of how the office operates at a Department level. The Department view is comprised of market-driven processes and infrastructural processes. The market-driven processes are driven by citizens and are aligned with the services provided by the office. Similarly, infrastructural processes focus on supporting the internal customers. The processes can be further broken down into event-driven and continuous/periodic processes. Event-driven processes are initiated in response to a business-event whereas continuous processes are performed continuously or are

driven by time. (See Appendix I for an examples of a Business Process Model.)

49.

50. **Task: Document the “As-Is” Technology**

a.

- b. *Architecture Document.* The Architecture Document will cover all aspects of current technology, including hardware and software, internal and external interfaces. The BPI Project Team’s architecture document will assist in mapping the systems that support the process within the Program Area, as well as external levels of system communication, both in other Program Areas and outside HUD. The document will highlight the type of information passed through these systems which will later assist in identifying existing redundancies. This document will additionally aid in determining the root cause of faulty data or incorrect processes. The current, “As-Is” communication between systems will be established and problems will therefore be much more easily traced back to their origin.

51.

52. **Task: Document the “As-Is” Organization**

a.

- b. *Organizational Chart.* The “As-Is” Organizational Chart will lay out the foundation for the BPI Project Team’s, documentation of the current structure of those personnel involved in the process that is to be improved. The deliverable will help in understanding the layers of authority and reporting hierarchy within the organization. It will also clarify the titles of those involved in the process.

c.

- d. *Roles and Responsibilities.* In conjunction with the process map, the BPI Project Team will document the roles and responsibilities of the personnel that support the processes being analyzed. This documentation will establish how the people, the technology and the processes work together in the current process state. These roles and responsibilities will lay a foundation from which to build changes when designing the improved processes.

e. *Change Readiness Evaluation.*

- (1) The Change Readiness Evaluation will enable the OCIO BPI Team to determine how prepared the organization is for change. A Change Readiness assessment can be performed using many formats: surveys, executive interviews, focus groups or a combination of these. Specifically, the assessment's objective is to determine the ability of an organization to implement the human performance aspect of a change initiative. The questions in the assessment will focus on how individuals and groups feel about the "As-Is" leadership, the organization and the people they work with as well as how change has been managed in the past, and how they feel about embarking on a change journey. (See Appendix J for more extensive information regarding the Change Readiness Evaluation.)
- (2)
- (3) Therefore, an organization is ready for change when all people affected by the organization can:
 - Articulate the Mission, Vision and Organizational Objectives and Goals of the change
 - Accept the direction of the "To-Be" process

53.

54. **Task: Establish "As-Is" Key Performance Indicators (KPIs)**

- a. *Evaluation of existing performance measures.* Even the most well-intentioned organization can fail unless performance levels are measured to optimize performance, manage conflict, maintain momentum, and identify progress. In order to complete a successful BPI effort, an organization's performance management system must be evaluated. This includes

outlining the “As-Is” organizational, team and individual performance measures which are driven by strategy and linked to business processes.

55.

56. Task: Identify Business Requirements

- a. *Essential Business Requirements.* This document will identify any business requirements that will eventually affect the recommended solution. Business requirements in this instance cover a variety of areas. The preferences and priorities of the BPAT and stakeholders regarding changes to the process will be taken into account. The document will also include any legislative or regulatory requirements that must be factored into process change. Finally, any sacred cows, or elements of the process that must not be altered, will be listed.

57.

58. Task: Develop “As-Is” Analysis

59.

- a. *“As-Is” Analysis.* The “As-Is” Analysis draws upon all of the information gathered earlier in the Phase. The deliverable will take the form of a narrative. The Analysis will not only summarize the key findings of the previous deliverables in the Phase, but also create a cohesive sense of the current state of the organization undergoing BPI. The document will also incorporate a historical perspective, providing some background as to why the organization exists in its current state. This deliverable offers the OCIO BPI Team the opportunity to present a more cohesive view of the BPI organization along with some subjective insight.

A. Tools/References Available for Phase 2: Business Diagnosis – “As-Is” Model

60.

- 61. *Integrated Certification Test (ICeT).* The Integrated Certification Test documentation provides a graphical and narrative interpretation of the systems and internal and external interfaces that support HUD’s core business functions. It provides VISIO diagrams of each core business function, and a detailed description of each interface within that business function. This information

can be used to help develop the “As-Is” Technical Architecture document.

- 62.
63. *Enterprise Architecture (EA)*. The Enterprise Architecture documentation will establish an “As-Is” blueprint for business processes, data, systems and technology infrastructure at HUD. EA will provide a wealth of valuable information about existing processes and technology within an organization.
- 64.
65. *Issue Logs*. Reviewing existing issue logs within the organization can shed light on areas of concern within a process. Some portions of the process may have consistent problems that may not come to light when discussing priorities with the BPAT. Therefore, additional areas for emphasis within the recommended solution could be discovered by a thorough examination of issue logs or other mechanisms the organization uses to track problems.
- 66.
67. *Interviews/focus groups/surveys*. These tools will be used throughout the BPI Project. See Phase 1 for a more detailed description.
- 68.
69. *HUDWeb*. HUDWeb can provide a wide variety of information on current HUD initiatives, HUD personnel, HUD Program Areas, HUD History, Legislation affecting HUD, and many other areas. HUDWeb will be used as an invaluable resource during the “As-Is” Assessment as a centralized, relatively objective resource for HUD-wide information.
- 70.
71. *Existing organizational documentation*. The “As-Is” Phase will utilize all available documentation on the current organization, to help evaluate the current process, technology and people. Items such as existing process flow diagrams, system descriptions, and organization charts will be leveraged.

A. Phase 3: Process Direction

72. After determining the scope of the BPI project, along with the goals and mission of the office with which we are engaged, and assessing the current processes utilized by the office to perform its work; the OCIO BPI Team is then prepared to determine the BPI project’s Process Direction. Process Direction is Phase 3 of each BPI project. It is a critical Phase, as it lays the foundation upon which the final recommendations are based during Phase 4. Phase 3

involves outlining aspirations for future processes as well as determining the gaps that exist between where the processes should be and where they are currently.

73.

74. These two tasks involve two major deliverables, the “To-Be” Document and the Gap Analysis. Work on these tasks will, as always, be contingent upon the continued support and input from the BPI Program Area Team. In addition, Phase 3 will depend upon a variety of tools useful to Business Process Improvement. These tools are accepted Best Practices for process improvement. They will assist in moving the current process, as defined in Phase 2, toward change and improvement. The tools will highlight areas in which efficiency is lacking and cost effectiveness is an issue by breaking down the processes and continuously questioning the necessity of steps, whether resources can be shared across functions and whether the process is using the correct inputs and delivering the necessary outputs. The list of tools provided below is a sample of the tools that may be used on any BPI Project. However, it is not likely that they will all be employed on each Project. Instead, the BPI Project Team will determine which tools are most appropriate for the individual effort. The tools chosen will then help shape the future processes and determine where improvements are necessary.

A. Tasks for Phase 3: Process Direction

75.

76. **Determine the ideal processes for this project**

77. **Analyze how the ideal processes differ from the processes used currently - Transition from the “As-Is” to the “To-Be”**

A. Deliverables for Phase 3: Process Direction

78.

79. **Task: Determine the ideal processes for this project**

- a. *“To-Be” Document.* The “To-Be” Document highlights what the processes will ideally look like. It considers the most efficient way that the processes can be conducted but may not reflect financial constraints, available resources and Program Area Business Requirements developed in Phase 2. Unfortunately, for these reasons, it is possible that not all of the recommended process improvements will be implemented at the same time. The “To-Be”

Document sets up an aspiration so that if all finances and resources are not currently available, there is an ideal toward which the Program Area may work in order to further improve the processes in the future. This document is highly dependent upon the interviews with HUD employees and clients that utilize the process, industry best practices, HUD Strategic Plan and any other government regulation.

80.

81. **Task: Analyze how the ideal processes differ from the processes used currently - Transition from the "As-Is" to the "To-Be"**

82.

- a. *Gap Analysis.* The Gap Analysis determines the gap between the "As-Is" and "To-Be" processes. It includes a current capabilities assessment of the people, processes and technology and identifies the barriers that exist to achieving the ideal "To-Be" process. Performance targets and expectations will result from the Gap Analysis, as will detailed information on the root of the process problems, where value is added to the process and how the costs of the process can be broken out according to the specific tasks/activities involved. The Gap Analysis will draw from the wide range of available Business Process Improvement tools, some of which are listed below. The BPI Project Team will determine the tools utilized on the basis of what is appropriate to the specific process. Not all of the following tools will benefit each BPI project. Other tools, if determined to add value to the BPI effort, may also be utilized to analyze the gap between the "As-Is" and "To-Be" processes.

A. Tools/References Available for Phase 3: Process Direction

83. *Process Value Analysis.*

- a. Process Value Analysis (PVA) will identify and analyze the organization's processes, activities and tasks as well as look at opportunities for improvement in terms of the organization,

- practices, procedures and costs. The PVA breaks out Value Added (VA), Non Value Added (NVA) and Wasteful activities. It can be used in conjunction with Activity Based Costing (ABC) and Process Modeling to analyze the cost of processes, activities or tasks in order to remove any that do not add value, but add to the costs.
- b.
 - c. PVA is a cross-functional tool. It not only assists in cutting costs but also in validating that the processes utilized are aligned with the Program Area's strategic intent. It analyzes value from the customer's perspective. Management attention is focused on a wider set of strategic issues and emphasis upon volume related activities and cost drivers is reduced. The value added by each activity is assessed and each element of overhead cost is analyzed to find its cost driver using the ABC technique. PVA information can be useful in decisions regarding investment in new technologies because it forces consideration of changes in activities and cost drivers.
 - d.
 - e. Through the PVA, HUD's processes will move toward solution development, results management and relationship management, as well as the delegation of decision making to the individuals closest to the processes. Focus is maintained upon the key customer delivery processes.
 - f.
 - g. In the end, where possible, waste activities will be eliminated or minimized. The impact of non-value adding activities will be minimized by reducing activity complexity and using technology or outsourcing to reduce cost and cycle time. The value adding activities are not exempt from the BPI effort. They too will be examined to determine whether the activity can be conducted faster or cheaper. (See Appendix K for an example of the Process Value Analysis.)

84. *Pareto Analysis*

- (1) a. Pareto's law is the concept that a relatively small share of factors (persons, steps in a process, etc.) usually account for the majority of results (earnings, products, problems, etc.). This small group of significant factors is usually about 20% of the total. The Pareto Analysis classifies items into three groups:
- (2) A-items - very important (20%)
 - (3) B-items - fairly important
 - (4) C-items - marginally important
- (5) b. The analysis can be utilized as a rule of thumb. It enables collection and rationalization of data into areas in which HUD management should concentrate on creating improvements. The analysis combines cost, quality and service objectives and can be used in conjunction with Activity Based Costing. Observations derived from the Pareto Analysis will facilitate the reallocation of costs and the assessment of the impact of that reallocation.
- c.
- d. In addition, the Pareto tool considers existing organizational and financial data. The Analysis will deliver to the BPI project a representation of where the process efforts should be concentrated, in the crucial 20%, as well as encourage management to adopt different policies and standards for serving the remaining 80%. In general, the Pareto Analysis will develop a focus for the BPI project on the risks and benefits involved in changing business processes. The following examples highlight the 20%/80% proportions emphasized by the Pareto Analysis. (See Appendix L for a complete example of the Pareto Analysis.)
- (1) (2) 20% of customers are responsible for 80% of sales - by value or by volume.
 - (3) 20% of stock items account for 80% of stock value.
 - (4) 20% of the reasons for employee turnover account for 80% of the employee turnover.

- (5) 20% of the reasons for returning products account for 80% for the returned products.
- (6) 20% of phone calls need to be responded to in less than 1 hour because they are from target customers that generate 80% of the revenue.

(7)

85. *Cross Functional Organization Matrix*

a.

b. This Analysis is critical to cross-cutting HUD's historically cylindrical organization. This tool examines and identifies key linkages across organizational functions as well as redundancy of activities. It evaluates the communication links that exist between and within HUD's Program Areas and isolates non-value adding activities for streamlining or elimination.

c.

d. The Cross Functional Organization Matrix will analyze how various people contribute to different components of the organization's process. The levels of participation will then be analyzed for organizational changes, training, teaming or other implications that may affect the process. The Matrix is a powerful tool for identifying gaps and opportunities in the process design because it visually projects interactions between the people and the processes.

e.

f. Gaps and overlaps in functional roles are easily demonstrated through the Cross-Functional Organization Matrix. For this reason, the tool makes it possible to compare the "As-Is" and "To-Be" organizational scenarios so that along with gaps, job descriptions and training needs can be identified. The Matrix will also identify where cross-functional teams are most effective so that redundant activities can be eliminated.

g.

h. While developing the Cross Functional Matrix, the BPI Project Team will work closely with the stakeholders, in both soliciting information and arriving at conclusions and recommendations. The Matrix will also draw upon the "As-Is" and "To-Be" documents to demonstrate where in

the processes individuals have undertaken responsibility. (See Appendix M for an example of a Cross Functional Organization Matrix.)

i.

86. *Root Cause Analysis*

a.

b. Root Cause Analysis underlines a number of techniques for determining actual drivers or causes of process inefficiencies. The Root Cause Analysis will facilitate the development of specific recommendations to correct the causes of HUD's inefficiencies, instead of temporarily solving symptoms of those inefficiencies.

c.

d. The Root Cause Analysis is used to recognize business problems and eliminate band-aid solutions. The business process problem must be clearly identified before the Gap Analysis and Recommendations can be formulated. It is possible for a problem to have multiple sub-issues that hide the root cause and contribute to the overall impact. Each sub-issue will be driven out of the main problem and investigated separately. The Root Cause Analysis will determine the actual "drivers" or causes of process inefficiencies. It does so by systematically breaking down problem areas until the root cause, as opposed to the symptom of the process problem, is identified.

e.

f. The Five Why's and Fishbone Methods are ways in which to identify the root cause of the problem. The Five Why's will systematically break down the process problem in a step-wise fashion until the ultimate root cause(s) is exposed. Asking "Why?" elicits information. By refusing to be satisfied with an explanation, (reiterating the question "Why?") the BPI Project Team will look at the problem in a different way, and thus increase the ability to identify the root cause(s). The Fishbone Method may then be used to further identify, explore, and graph all possible causes related to the problem. The Fishbone graphically displays the cause and effect relationship between the process problem and its potential

causes. (See Appendix N for an example of a Fishbone Method.)

g.

h. Once the driver of the problem has been identified, information will be gathered to support the root cause. All possible sources of data will be analyzed to determine if they are applicable to the root cause.

i.

87. *Activity Based Costing*

- a. Activity-Based Costing (ABC) is a structured and integrated management process that helps define and document activities and business processes within an organization. ABC assigns the costs of resources to the activities that consume them. It also identifies accurate costs, determines appropriate internal transfer prices and explains profitability by products, services, segments and citizens. ABC targets high cost activities, captures the current cost for performing an activity and provides a link between activity modeling and economic analysis. ABC will thereby assist in eliminating misconceptions of where money is being spent and is useful in identifying how costs can be better managed.
- b.
- c. By creating a common understanding of costs, ABC enables fact-based operational and strategic decision making, effective management of business processes, management of customer expectations and creation of value for citizens and stakeholders. Identifying where within these activities and processes costs are incurred helps to prioritize opportunities for improvement. Focused process improvement efforts will then result in measurable process advancements, thereby increasing overall organizational effectiveness. In addition, ABC defines internal transfer pricing mechanisms and promotes fiscal responsibility and accountability. ABC generates information around the organization's core capabilities and helps realign resources to leverage those capabilities.
- d.
- e. Overhead typically comprises a large portion of an organization's costs. Due to the size of its portion of the budget, overhead needs to be tracked as well. ABC, unlike traditional costing approaches, assigns the cost of Resources (human resources, equipment, supplies, fixed assets etc.) to the activities performed by the employees. The cost of activities is then assigned to products, services and customers based on consumption patterns. ABC also identifies the cost of unused capacity and resources. This vital information can be used to

understand and better utilize organizational resources. It can assist in determining where non-value adding activities should be eliminated and potentially outsourced in order to improve HUD's processes and appropriately spend HUD's money. (See Appendix O for a model of ABC.)

88.

89. *"As-Is" Document.* The information compiled in the "As-Is" Document, created in Phase 2, will be an invaluable resource to the Process Direction Phase. In order to determine where the process should go, we must know where it is currently. The Gap Analysis will draw upon the "As-Is" Document to evaluate where the gaps lie between where the process is and where it should be.

90.

91. *Office of the Inspector General (OIG).* Through findings of the Office of the Inspector General, the BPI Project Team may encounter guidelines or mandates that HUD processes must follow. This information will be incorporated in the "To-Be" document to emphasize how the processes should look.

92.

93. *HUD Strategic Plan* The HUD Strategic Plan has outlined goals for the Department through 2006. These goals are an integral part of the development of the "To-Be" document. As the office/Program Area works to achieve adherence to its mission and objectives as well as improve efficiency, the office must also consistently maintain sight on the overall HUD goals and objectives.

94.

95. *Industry Best Practices.* Business Process Improvement Best Practices from both the private and public sector will be utilized to ensure that HUD's processes are up to date and in compliance with government regulations. Examples of other processes within and outside of the Federal government will demonstrate how HUD processes can and should be altered.

96.

97. *Interviews.* Interviews conducted previously as well as new stakeholder interviews will enable us to validate that the "To-Be" process document meets the requirements of the stakeholders that utilize the process.

A. Phase 4: Recommended Solution

98.

99. The final Phase in BPI will tie all of the information that has been previously gathered and analyzed into a cohesive

recommended solution. There may, in fact, be more than one recommended solution, depending on the priorities set forth during the early phases of the BPI effort. For example, two solutions may be presented, one that focuses on cost reduction, and another that focuses on a long term increase in efficiency and productivity.

100.

101. The first step, and possibly the most labor intensive, will be to use the results of the Gap Analysis, and the “To-Be” idealized solution, to create an “implement-able” solution to the process problems. This will include a new process map, that takes into account all essential business requirements and priorities laid out in earlier phases, thereby scaling the idealized solution to create a more realistic process flow for the organization. From the Process Map, if any changes need to be made to the technology to support the new process, they will be documented in the New Technological Architecture. The new technological aspects will be mapped, as in Phase 2, to the steps in the revised process flow. A revised organizational chart, as well as new roles and responsibilities, will then be created to show how personnel within the organization will support the new process.

102.

103. Once the solution has been clearly documented, the reasons why it should be implemented will also be clarified. A business case will be developed, in tandem with a cost/benefit analysis, to demonstrate why the solution(s) presented will benefit the organization. These documents will explain both the tangible and intangible benefits and costs to the new process, using input from the Gap Analysis performed in Phase 3.

104.

105. Finally, the transfer of knowledge for implementation and a demonstration of the solution will occur. This knowledge transfer is critical to the success of BPI Implementation. The key deliverable of this task is the Implementation Plan, which outlines guidelines for a successful implementation of the recommended solution. Once the recommended solution is presented to the BPAT, and they understand what is necessary for implementation, the BPI effort is complete.

A. Tasks for Phase 4: Recommended Solution

- 106.
- 107. **Develop “Implement-able” Solution**
- 108. **Explain Rationale for Solution**
- 109. **Demonstrate Solution and Transfer Knowledge**

A. Deliverables for Phase 4: Recommended Solution

110.

111. **Task: Develop “Implement-able” Solution**

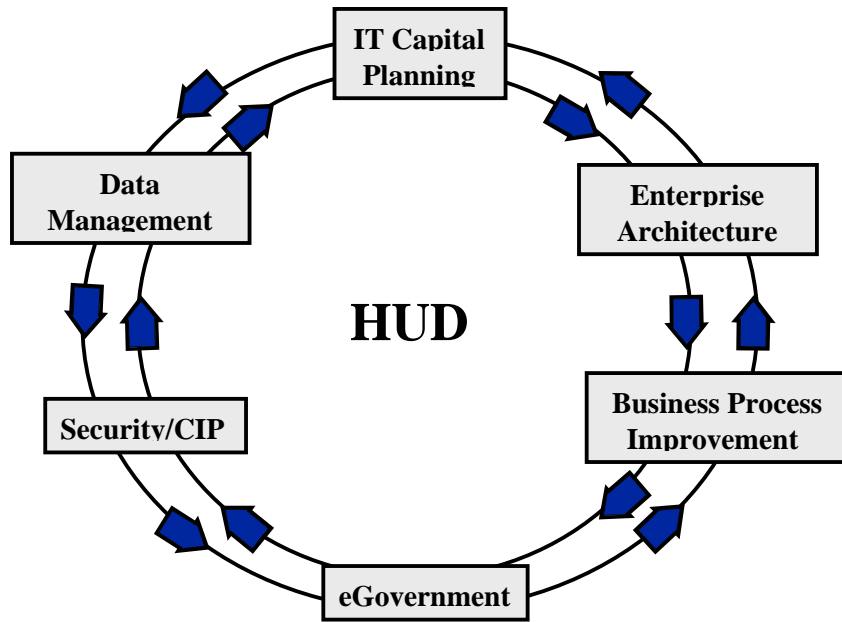
112.

- a. *Revised Process Map.* The recommended “implement-able” solution will contain a revised process map. This map is built from the maps created in the “As-Is” and “To-Be” evaluations. It will trace the way the new process should be constructed at this time, given the process ideal and what constraints exist in terms of resources, regulation and available financing.

b.

- c. *New Technological Architecture.*

- (1) The new technological architecture will comprise a critical portion of the recommended solution. Here the OCIO BPI Team will bring its expertise in technology to bear on the processes that are and should be used within the organization. Through the various analytical tools the BPI Project Team will have identified areas in which automation should be utilized, integrity of data needs to be improved and overlapping activities would be better streamlined with more efficient technology.



(2)

(3) The OCIO BPI Team will work in tandem with the various offices within the OCIO to improve the technology utilized in the revised processes. The Data Quality Management initiative through its standardized policies will identify how best to maintain the integrity of the data used within the improved process as well as how to communicate and filter data received/sent from/to other systems. The eGovernment initiative will provide instrumental knowledge in the latest technology available to HUD's offices, highlighting how HUD's processes might be better conducted over the Internet. The Security/Critical Infrastructure Protection (CIP) initiative will assist in validating that the processes and systems recommended have acceptable security measures built into the new technology. The guidelines established by the Enterprise Architecture "To-Be" blueprint will be integral in mapping the improved processes to the data, systems,

technology and processes laid out by the EA team. Lastly, the IT Capital Planning process which sets the guidelines for financing and allocates money for IT projects will assist in verifying that the BPI improved processes, through their adherence to HUD's mission and government regulation, will be in a good position for the receipt of funding.

(4)

d. *Revised Organizational Chart.* The revised organizational chart will document any changes that the OCIO BPI Team deems necessary to improve the way in which the processes and the HUD office operate. This document may or may not include dramatic changes but will be based upon what is most beneficial for the improved process as well as the business requirements laid out in Phase 2.

e.

f. *Revised Roles and Responsibilities.* The revision of the processes and the organization chart, to match the revised processes, requires that roles and responsibilities be altered to reflect the newly assigned positions. The revised roles and responsibilities will build upon the previous roles and responsibilities. However, the revision will detail the responsibilities that individuals must accept so that the improved processes are accurately and effectively executed.

113.

114. **Task: Explain Rationale for Solution**

a.

b. *Business Case.* In the Business Case, the OCIO BPI Team will outline justification for implementing the recommended solution to the current problems. It will highlight the benefits along with the risks of the new processes. This case will assist the HUD office in emphasizing to the Department the necessity of the process improvements and will prove useful when approaching the issue of funding for the improved processes.

c.

d. *Detailed Cost Benefit Analysis.*

(1) The Cost Benefit Analysis will complement the business case in further explaining why the recommended solution should be implemented. The Activity Based Costing (ABC) tool will be revisited for the recommended solution. It will assist in justifying that financing should be provided for those activities that add value to the revised process. The ABC analysis for the recommended solution, when compared to the ABC analysis conducted for the "As-Is" process, will highlight the benefits achieved in the new, improved process.

(2)

(3) The funding for the process will be revamped to provide greater financing for the activities that add the most value. The benefits will be demonstrated in the increased ability of the new processes to achieve the desired results. Doing more with the same amount of resources will enable HUD's offices to better serve all of their stakeholders, both internal and external.

115.

116. **Task: Demonstrate Solution and Transfer Knowledge**

a.

b. *Recommended Implementation Plan/Next Steps.* Before the BPI effort is complete, a plan for implementation will be developed. This plan will outline step-by-step how the BPI effort should be effectively implemented to improve process performance throughout the organization. This plan will take into consideration that external factors such as budget, resource and regulatory restrictions may influence the BPI effort. It will navigate these areas so that the organization is fully aware of how to implement the BPI recommendations. The plan will also

emphasize the human capital aspect of process improvement, the necessity of keeping stakeholders informed, accepting and willing to change. Lastly, the organization will be required in this plan to submit the recommended solution to the Investment Technology Investment Portfolio System (I-TIPS) for funding review.

c.

d. *Knowledge Transfer.* When the OCIO BPI Team has completed all of its analysis and documented the actions and recommendations that should be taken to implement BPI, it will then begin the Knowledge Transfer process. The OCIO BPI Team will work closely with the Process Owner, BPAT and the SMEs to verify that all of the BPI knowledge is understood and that the organization is prepared to implement the BPI process.

e.

f. *New Performance Measures for the Improved Process.*

(1)

(2) The performance measures outlined during Phase 2 of the BPI effort will most likely no longer apply to the improved process. As the process has changed, so too must the performance measures. The BPI Project Team will therefore develop new performance measures that account for how the process has changed, the output it now produces and the tasks with which individuals are charged. The performance measures will objectively enable management to evaluate how well or poorly the process or the employee is performing. The measures include factors that are broad and narrow in scope, as well as KPIs. They will be used to understand, predict, and improve performance as well as to communicate expected performance at the organizational, team and individual levels. (See Appendix P

(3)

for details on the development of KPIs)

(4)

Performance measures are derived by identifying strategic objectives of an organization and aligning them with important business areas from which the measures are defined. The new BPI performance measures will:

- Encourage continuous improvement by highlighting goals and recognizing outstanding achievements
- Enable all personnel to better understand how their jobs contribute to achieving strategic objectives
- Encourage teamwork through team-oriented goals and by encouraging a process view of the organization
- Provide each individual with the shared vision and decision support information necessary to make informed, decentralized decisions
- Evaluate the effectiveness of the implemented solutions and improved processes

g.

h. *Prioritized List of Program Initiatives*

(1)

The BPI Project Team will evaluate and rank the multiple changes suggested in the Recommended Solution. This prioritization of alternatives will demonstrate the organization's need for change despite potential obstacles. The prioritization will assist the organization in avoiding typical decision-making pitfalls that can result from a lack of funding, lack of stakeholder support, politically favored alternatives and the use of assumptions instead of information.

- (2) When forced to only implement a portion of the recommended BPI solution, the organization can look here for guidance on the areas that they will benefit from the most.
- i.
 - (1)
 - j. *Cost Estimate for Implementation*
 - (2) The BPI Project Team will provide a cost estimate for the actual implementation of the recommended solution. This estimate will strongly reflect the prioritization of program initiatives so that the HUD office is better equipped to improve its processes armed with the cost of each step in implementation.
 - (3)
 - (4) The estimate will approximate realistic costs as necessary for development of systems, modification of existing systems, changes in personnel requirements, training and use of outside contractors. The OCIO BPI Team will research accepted tools for implementation and training in order to set these cost estimates. The OCIO BPI Team can not be held to this estimate but it will provide a realistic estimate that can be used for planning and budgeting purposes.
 - k.
 - l. *Presentation of Findings Meeting.* In closing the BPI project, the OCIO BPI Team will conduct a Presentation of Findings Meeting with the Program Area. This meeting will briefly summarize the steps that have been taken and the resources utilized during the BPI effort. The meeting will concentrate on presenting the improved process, the costs of implementation and the steps that need to be taken for implementation. The feasibility of implementing the improved process and the reasons that justify why it must be implemented will be emphasized.
- m.

- n. *Program Area Sign-Off.* A written sign off by the organization is required prior to the completion of the BPI effort. (See Appendix Q for the Sign-Off document.) A signature alone does not guarantee concurrence, however, the sign off procedure fosters communication and validates a level of understanding by the individuals who sign off on the effort. It will also document individuals who can act as resources for the BPI information in the future. The process owners of the BPI effort will be asked to sign off.
- o.**
- p. *TIBEC Final Approval.* The final deliverable for the BPI effort is a closing presentation of the results produced by the BPI effort for TIBEC Approval. This presentation will keep the TIBEC informed of the outcome of the effort that they initially approved. This closing approval will be beneficial to the Program Area as TIBEC approval is essential for future funding of the implementation of the BPI solution.
- A. Tools/References available for Phase 4: Recommended Solution
- 117.**
118. *Human Performance Framework for Implementation*
- a. The Human Performance Framework (HPF) is designed to create and deliver superior business results through people by aligning, building and sustaining the capabilities and talents of the organization, and liberating it to perform at capacity. This tool highlights how changes in one area of the human performance system affect other areas, and therefore allows organizations to identify opportunities to meet or exceed their business performance expectations.
- b.**
- c. The framework provides a holistic approach to the challenge of optimizing human performance. Just as an understanding of the whole human anatomy is required for a physician to diagnose and treat ailments, so is an understanding of the entire system of human performance necessary for an executive

to diagnose a company's condition and to implement a improvement effort.

d.

e. The HPF provides a 'Human Centric' approach to the implementation of BPI solutions. It puts people - specifically the abilities and motivations that drive human performance - at the center. The following four layers of the organization outline the HPF:

f.

- (1) The Individual Layer is where human performance takes place and where management interventions are felt most strongly.
- (2) The Organization Layer identifies the elements that are directly 'architectable' by the human performance architect.
- (3) The Operations Layer and the Strategy Layer identify things that influence human performance, but they are not ultimately designed by a human performance architect. The human performance architect does, however, often provide input to these areas.

g.

h. These four layers provide the means with which to place the recommended solution into a more people-focused framework.

119.

120. *Previous Phase Deliverables.* This Phase of the BPI project will draw upon all deliverables created within the previous phases of the BPI effort. These deliverables will help to create one cohesive solution.

2-1 CRITICAL SUCCESS FACTORS/RISK AREAS

- W. Business Process Improvement can enable organizations to achieve dramatic improvements in the services they deliver. However, these improvements are not necessarily easily obtained. There are many Critical Success Factors that will determine whether an Improvement effort achieves the goals it sets forth. In order for BPI to be successful, the project must be able to:
1. Build the necessary commitment of leadership and resources.
 2. Develop a clear definition of project objectives and scope.
 3. Understand where the organization wants to be and how it will get there.
 4. Identify and empower process owners.
 5. Establish "stretch" goals and measurements.
 6. Challenge everything.
 7. Focus on customer values.
 8. Integrate knowledge and skills into improved processes.
 9. Cut through organizational boundaries in order to maintain focus on the process, not the "cylinder" of a Program Area or office.
 10. Develop a common framework, methodology and tools that set a standard for how BPI should be conducted throughout an organization.
 11. Maintain a results-oriented approach.
 12. Know what the "sacred cows" of the project are.
 13. Work with the project's stakeholders to identify key issues and areas for improvement. This involves working closely with the field offices, business partners and other Program Areas or offices that might be impacted by the BPI effort.
- X. Maintenance of these guidelines will allow the OCIO BPI Team to obtain an accurate picture of how the processes currently function. In addition, the guidelines ensure all of the necessary resources are available to improve the processes toward the goals of the organization. The process improvements created through BPI will encourage the removal of any antiquated technology as well as encouraging investment in the skills of HUD's employees.
- Y. It is vital that the employees understand and are encouraged to use the new processes and available technology. HUD's employees are a primary resource for understanding an office's customers. BPI looks to identify and empower HUD employees as process owners. In the end, it is the employees who will carry out the results of the BPI effort.

- Z. When conducted correctly, BPI will achieve quantum leaps in performance and many of the other benefits mentioned previously. Adherence to the Critical Success Factors listed above will enable a BPI effort to succeed. Conversely, a lack of such adherence may result in furthering the existing inefficient processes. The OCIO's BPI Team exists to help improve processes identified as needing assistance, however, they can not do so alone. Commitment to the above factors is vital to reducing any risks associated with BPI.

2-1 CONCLUSION

- AA. As explained in this document, Business Process Improvement can greatly benefit an organization that is proactively working to evaluate and correct deficiencies in its processes. BPI is a powerful tool when used properly and appropriately. This Approach Document assists in putting BPI in perspective of what it is and is not capable of accomplishing.
- BB. BPI can increase efficiency and eliminate overlapping processes. It aligns the organization's processes with its strategy and goals, while leveraging the latest technology and managing the impact of change on the individuals involved in the process.
- CC. To achieve these daunting and illusive goals, BPI requires commitment from leaders, access to resources, and a willingness to change. These three elements are a sample of the factors critical to the success of a BPI effort.
- DD. Use this document as a guide to improving your organization's processes. Be wary of the risks associated with BPI and monitor the critical success factors necessary for the success of BPI. By committing to engage in a BPI effort you are committing to rethink and redesign how you do business. Prepare for change!
- EE. If you have any questions regarding the current BPI efforts at HUD, please contact the OCIO.

2-1 Appendices

Appendix A - Internal Evaluation Tool

The BPI Team will utilize this tool in its initial discussion with the project sponsor and/or process owner. The tool will be completed by the BPI Team and will serve as a basis for comparison against other potential BPI efforts as well as measure of factors critical to the success of a BPI effort.

	Enter 1 - 5 (disagree - agree)	Importance of Issue	Score for Question
Project is Visible		8%	0
Does this process affect a large segment of business partners?			
Is it an issue that has received media attention?			
Is the OIG involved in this issue?			
Does the issue involve special interest groups, unions, or associations?			
Is the issue highly visible to stakeholders?			
How are other interest groups/agencies' current or future actions likely to impact the organization?			
What systems are involved in this process?			
Are any systems currently in development?			
Project is of High Political Importance		8%	0
Does the process impact the Secretary's office?			
Does the issue impact the Deputy Secretary?			
Does the issue impact any Asst. Secretaries?			
Is the issue of political interest to the Secretary, Deputy Secretaries or the Assistant Secretaries?			
Does policy currently exist that will impact the process?			
Will the upcoming election change the political salience of the issue?			
Project has Support in Federal Government		4%	0
Has legislation been passed to support this project?			
Has legislation been proposed/written to encompass this project?			

Have any Executive Orders or Presidential Decision Directives been issued surrounding these processes?			
Is there interest on the part of any regulatory agencies? OMB? GAO?			
Project Fits into HUD Strategic Plan and HUD Mission		10%	0
Is the issue targeted in HUD Strategic Plan or Business Operating Plan?			
How does the process fit into HUD's mission?			
Is the issue central to the potential BPI organization's mission?			
Scope of Project is Clearly Defined		12%	0
What is the scope of the problem?			
Is the issue/project a recognized process problem?			
Opportunities Exist for Change/ Room for Improvement		12%	0
Has the organization identified important changes that could result in major or minor redefinition of processes?			
Has the organization identified areas that are problematic to their business processes?			
Have stakeholders expressed dissatisfaction with the process?			
Necessity of Process Ownership is Understood		2%	0
Does this process currently have a designated owner?			
Are there resources available to designate a process owner?			
Do you see the need for a process owner?			
Level of Stakeholder Involvement is High		2%	0
Who are the stakeholders involved in this process?			
Are there clearly defined roles and responsibilities for the organization's stakeholders?			
Are stakeholders demands changing?			
Is the organization responding to, or seeking to influence, stakeholders demand?			
What is the current relationship with the stakeholders?			
Do the organization's defined business processes meet customer and stakeholder needs?			

Leaders are Committed to Creating Change		10%	0
Do high level executives have a basic understanding of the principles of a BPI effort?			
Do high level executives display sponsorship and commitment to the idea of a Improvement effort (participation in planning, making presentations, engaging in worksite discussions, meeting with stakeholder groups, plan to support customers and stakeholders throughout change)?			
Are organization executives willing to manage expectations and facilitate change?			
Are executives prepared to provide incentives for focus on achieving outcomes important to stakeholders?			
Generally, does employee support for management initiatives exist?			
Is communication between executives and employees frequent and open?			
Focus is on Results Oriented Process		5%	0
Does the process cut across organizational boundaries?			
Is more than one Program Area impacted?			
Recommendations are Likely to be Implemented / Can be Successful		7%	0
Do the stakeholders have the appropriate skills, tools, training etc... adequate for implementing a Improvement project? Does the organization have a plan for coming up with the missing resources?			
Do you foresee any potential barriers to change?			
Is there financing available to implement the recommended solutions? If not, could there be money available in the next fiscal year?			
Is the organization prepared to communicate its intentions for redefinition to its customers and stakeholders?			
Resources are Available for BPI Analysis		9%	0
Are personnel available to dedicate time to assist the OCIO BPI Team in conducting analysis?			
Are connections with stakeholders established for providing additional information?			
Are other relevant Program Areas willing to dedicate time to this issue?			
Culture for Change is Established		2%	0
Has the organization defined and documented:			

· Mission?			
· Strategic goals?			
· Priorities?			
· Key Processes?			
Did the organization consider other alternatives to improve the process?			
Does the organization have an overall strategy to guide its improvement efforts, prioritize them, and allocate resources to support them?			
Is the organization's vision and mission aligned with its strategy?			
Is there a history of success or failure to change in the organization?			
Organization Recognizes Benefits of BPI		4%	0
What do you see as the financial benefits to BPI?			
· Performance Benefits			
· Intrinsic/Extrinsic Rewards			
· Productivity Improvements			
· Intangible Benefits			
· Technological Improvements			
Organization is seeking technological improvement		5%	0
How does this process use technology currently?			
Is there any outdated/consistently faulty technology involved in the process?			
Do you see an opportunity to increase productivity through a technical solution?			
Do you think the use of the Internet could further benefit the organization?			

OVERALL PROJECT SCORE

0

Appendix B - BPI Kick-Off

**Department of Housing and Urban Development
Business Process Improvement**

**B U S I N E S S P R O C E S S
I M P R O V E M E N T K I C K - O F F
M E M O R A N D U M**

TO: High Level Executive Affected by Process Change

FROM: Process Owner

SUBJECT: BPI KICKOFF

DATE:

The _____ Process Owner , with the support of (LIST APPROPRIATE EXECUTIVES HERE) has agreed to enter into a Business Process Improvement Effort with the Office of the CIO. These executives will support this effort as much as is possible, helping to provide the necessary resources, as well as attempting to remove any obstacles that stand in the way of the effort's progress. The Process Owner intends to work toward the implementation of the recommended solution provided by the OCIO BPI Team.

Process Owner:

Supporting Executive(s):

(1 hard copy to Process Owner, 1 hard copy to OCIO BPI Team)

Appendix C - Guiding Principles

Guiding principles represent an organization's mission, vision, core values, goals, priorities and strategies. During an improvement effort, guiding principles strengthen the following areas and processes:

- Leadership
- Opportunity
- Communication
- Quality
- Core business processes
- Organizational structure
- Cultural Issues
- Management
- Funding and financial management
- Human resources

Validate Vision and Mission

The BPI Project Team will validate that the existing vision and mission meet the Program Area's needs. If they do not or if the mission and vision for this organization do not exist, then the OCIO BPI Team will assist in creating them.

The first priority when restating or developing guiding principles is to develop a vision and mission, identifying key phrases and concepts that have special meaning or value to the organization.

A vision statement, for example, charts a high level course for change. It takes into consideration the current situation and takes advantage of environmental opportunities. Most importantly, the vision captures the shared views and core values of the leadership. Additionally, the same process should be used to develop a mission statement. A mission statement should capture the essential operational charge of the agency.

Organizational Goals and Strategy

The mission and vision statements comprise the ideal "To-Be" future of the organization. These statements guide the development of a strategy and detailed goals for achieving that future. The strategy should include consideration of how to leverage existing strengths, to overcome weaknesses, and take advantage of opportunities to accomplish the vision, while avoiding identified threats. Also importantly, organizational goals and strategy attempt to identify how the organization can realize key ingredients for success

Appendix D - BPI Communication and Ownership Plan

Communication is the way in which individuals become aware of change, and have the opportunity to question, understand, support, and commit to change. In reviewing communications requirements for the change journey, consider stages related to building acceptance of change, the need for a phased approach, and best practices that need to be adopted. A communication work plan is an approach to communications and resources that are required to support the development and delivery of events.

Effective communication identifies six key elements:

- Audience groups
- Messages
- Timing
- Mechanisms
- Communicators
- Feedback mechanisms

The Ownership and Communication Plan covers the specifics of:

- What messages?
- To whom?
- How?
- When?
- By whom?
- What effort is involved?

The formulation and approach to the BPI Communication and Ownership plan will consider the following factors.

- How will progress be communicated?
- How will progress be communicated to sponsors, agents, targets?
- How will sponsors be made aware of the sacrifices on the part of stakeholders in the process?
- What mechanism will ensure that feedback about the change process is received by change team(s) and sponsors?
- Define high-low-medium needs for each message per group.
- Define criteria for media.

The following table exemplifies barriers to effective communication, with several potential solutions for each example. Each BPI Project should develop, within the Communication Plan, a relevant list of potential barriers to communication and corresponding possibilities for removing those barriers.

Potential Barriers	Possibilities for Removing those Barriers
Lack of clear and consistent information due to the changing state of the program/project	<p>Ensure the Communication and Ownership Plan is flexible enough to support project changes.</p> <p>Indicate and make allowances where there may be uncertainties or changes in the information being communicated.</p> <p>Indicate that information will be conveyed as it emerges, and, therefore, may be subject to change.</p>

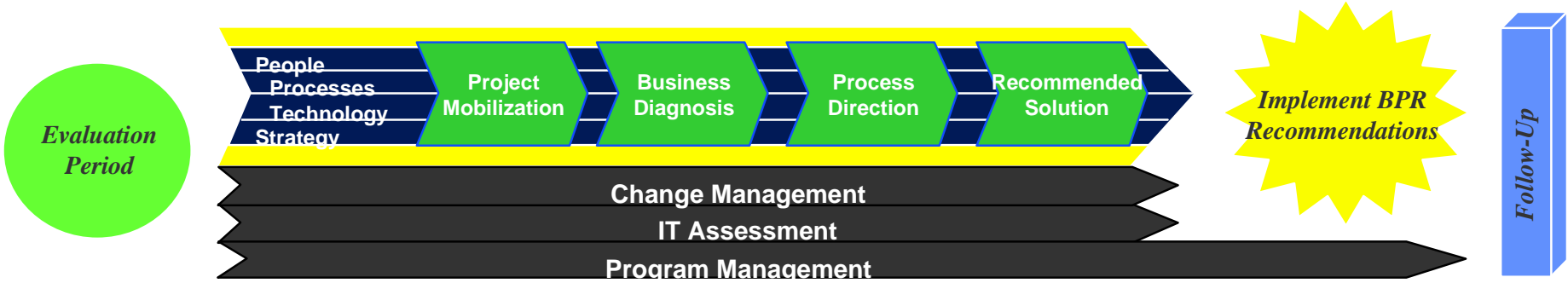
Potential Barriers	Possibilities for Removing those Barriers
Lack of effective participation by management team in the communication process	<p>Educate the management team on the importance of involvement to the success of the project.</p> <p>Promote the benefits to be realized from their involvement, especially the benefits to them.</p> <p>Obtain the visible support of the CEO and other senior executives.</p>
Postponement of Ownership and Communication Plan implementation due to a delay in the change program	<p>Promote involvement and buy-in for communication with executives.</p> <p>Stress the urgency of addressing ownership and communication issues and problems.</p> <p>Revise the plan, and communicate reasons for the delay and the latest date by which the information will be disseminated.</p> <p>Indicate what communication will occur and when.</p> <p>Set public deadlines conservatively. The key is to overestimate the time needed and then complete the change program before the deadline.</p>
Lack of communication between functional areas	<p>Organize joint workshops with representatives from all involved functional areas to design improved communication processes.</p> <p>Establish cross-functional teams to oversee the implementation of a communication process.</p>
Conflicting messages from different sources	<p>Establish a central control mechanism to define communication messages and responsibilities.</p> <p>Ensure all individuals involved in communication are aware of this central control mechanism.</p>
Mistrust of information that comes from management	<p>Ensure that senior management understands the vital importance of publicly committing to open, honest, and timely communication.</p> <p>Ensure that senior management acknowledges the damage caused by any inadequate or misleading communication in the past.</p>

The Communication and Feedback Channels are explained in the Communication Plan. The spreadsheet below is an example of a Communication Plan used previously within HUD. Column headings are organized by the type of communication, who it originates from, to whom it goes, the frequency of communication, through what vehicle, and how feedback is given.

Message	Sender	Receiver	Timeframe	Tool	Means of Feedback
Cluster Team Meetings	Cluster Team Leader	Cluster Team Members	Weekly, starting 3 weeks prior to preparation	Cluster Team Meeting Calendar	Lotus Notes
Non-Participation in Cluster Team meetings	Cluster Team Leader	Test Coordination Team (TCT) Leader	Immediate	Cluster Team Meeting Attendance List	Lotus Notes, Verbal
	TCT Leader	Cluster Team Member, Executive Committee	Immediate	Issue Log, Cluster Team Meeting Attendance List	Verbal
Cluster Team Roles & Responsibilities	Test Coordination Team	All	December 1998	ICeT Test Approach Document	Procedures Introduction Meeting
	Cluster Team Leader	Cluster Team Members	December 1998	ICeT Test Approach Document-Roles & Responsibilities	Initial Cluster Team Meetings
Status of Cluster Level Planning, Test Preparation, Data Generation, Test Execution, Implementation	Cluster Team Leader	TCT Leader	Immediate	Cluster Level Work Plan Form, Updates	Lotus Notes
	TCT Leader	Year 2000 Project Manager, Auditing	Weekly	Management Reports	Verbal
	Year 2000 Project Manager	Executive Committee	Weekly	Management Reports	Verbal
Cluster Preparation, Execution Schedule Variance	Cluster Team Leader	TCT Leader	Immediate	Lotus Notes Memo	Verbal, Notes Memo
	TCT Leader	All	Immediate	Lotus Notes Memo	Verbal, Notes Memo
Metric Data	Cluster Team Leader	TCT Leader	Weekly	PARMS, PTARS, ICeT Comp. of Status 2000	
Defects found in execution	Responsible Cluster Team Member	Cluster Team Leader	Immediate	PTARS	PTARS, Lotus Notes
	Cluster Team Leader	Cluster Team Members	Daily	PTARS	PTARS, Lotus Notes
	Cluster Team Leader	TCT Leader	Weekly	PTARS	PTARS, Lotus Notes
Defect repair status	Responsible Cluster Team Member	Cluster Team Leader	Immediate	Memo via Lotus Notes Mail, PTARS	PTARS, Lotus Notes
	Cluster Team Leader	TCT Leader	Weekly	PTARS	PTARS, Lotus Notes

Appendix E - BPI Project Work Plan

The work plan below approximates the length of time required to complete the deliverables that are covered in this document. The time frame estimates are given in consideration that the scope of the individual BPI effort will alter the amount of time necessary to complete the tasks.



PHASE 1: Project Mobilization

Task: Solidify HUD-wide Executive Support

- Program Area Kick-Off Document
- TIBEC Presentation and Approval

Task: Establish BPR Team

- Organizational Chart - Roles & Resp. of Project Team

Task: Introduce BPR

- BPR Powerpoint Presentation

Task: Review/Establish Guiding Principles

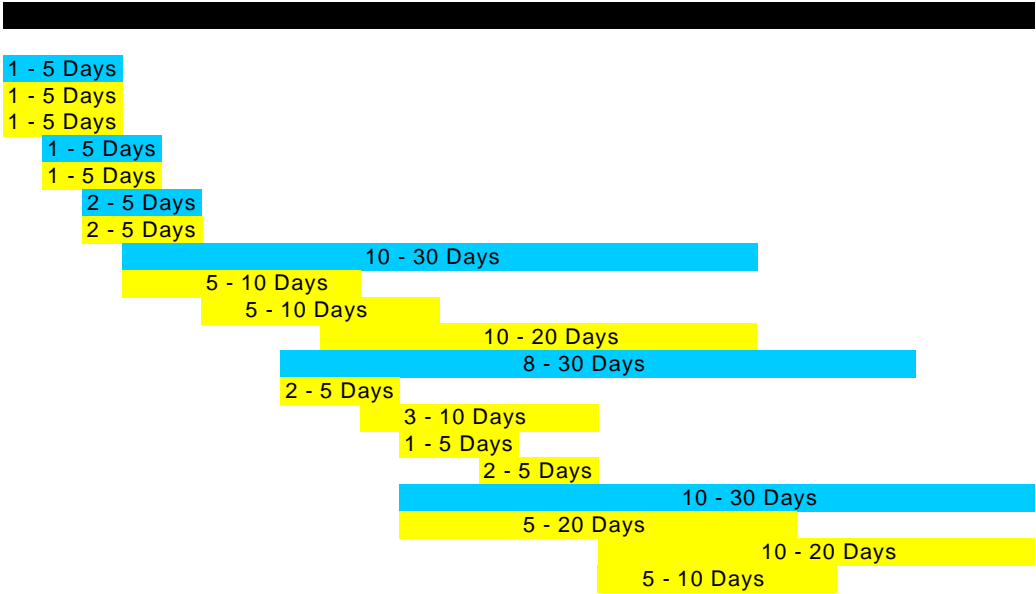
- Mission Statement
- Vision Statement
- Organization Strategies and Goals

Task: Establish BPR Project Framework

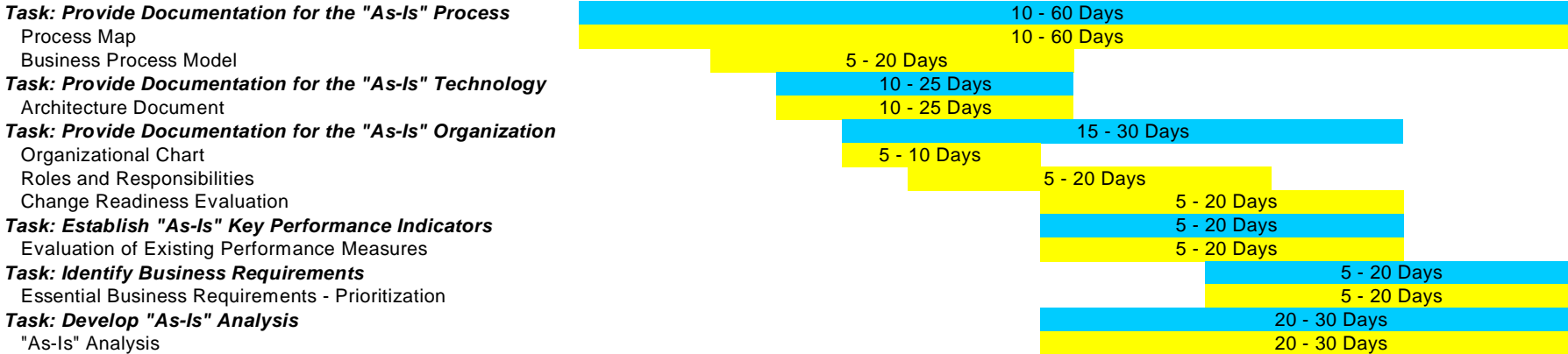
- Priorities for this BPR project
- Communication & Ownership Plan
- Work Plan/Timeline
- Critical Success Factors for this BPR Project

Task: Conduct Preliminary Analysis

- Stakeholder Analysis
- Benchmarking
- SWOT Analysis



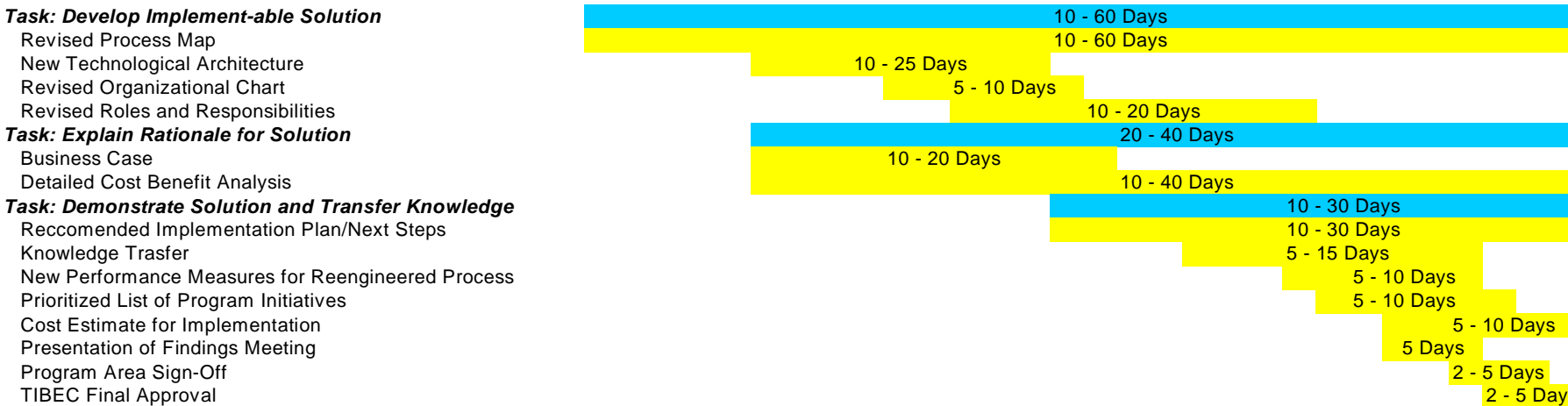
PHASE 2: Business Diagnosis - "As Is" Model



PHASE 3: Process Direction



PHASE 4: Recommended Solution



Appendix F - Stakeholder Analysis

Understanding Stakeholders and Commitment

Stakeholders' positions, attitudes, and beliefs about change can be understood in light of their behaviors, reactions, and emotional responses. Successful change is promoted by taking time to understand the world of the stakeholder. Actively promoting positive responses and addressing negative responses will promote successful change.

Types of Stakeholder Groups

There are distinct types of stakeholders:

Champions

These individuals want the change and attempt to obtain commitment and resources for it, but they lack sponsorship.

Change Agents

Change agents play key roles in setting up operations for change. The success of a change agent depends on his/her ability to assess potential problems, deal with the issues, and execute the change effectively. Change agents champion change through their visible ownership of the change program and through formal and informal communication.

Sponsors

Sponsors legitimize a change initiative through their show of support. They allocate the essential resources to ensure the success of an initiative. For this reason, sponsor buy-in is vital to the change, and they must maintain visible commitment in terms of time and communication activities.

Targets

Targets, the individuals or groups affected by the change, are the focus of the change effort. As such, they play an important role in the short-term (achieving change) and long-term (sustaining change) success of a project. A target's initial emotional response tends to be more negative than positive due to a lack of understanding and an underlying fear of the unknown. Involving the targets in the change can clarify myths and misconceptions and reduce fear and anxiety toward the change. Ongoing communication and a positive attitude from sponsors and change agents are vital to the process. Both the targets' commitment to change, and the realization of benefits from change, increase when sponsors and change agents show positive attitudes.

Levels of Stakeholder Commitment

By understanding the stakeholder and the appropriate levels of commitment, a change agent can plot the desired stage of change commitment for each phase of the change journey to assist in defining the appropriate communication and ownership course of action. Remember that desired stages of change commitment will vary, depending on the type of change journey.

Understanding the Change Commitment Curve



For each of the commitment stages there are two possible outcomes: progression to the next stage, or regression, and thus possible termination of the change program.

Ownership converts negative reactions into positive contributions. It must be built at all levels within the organization. Ownership not only increases the likelihood for a change journey's success, it also ensures the long-term commitment to sustain the change over time.

Commitment drives the change process. Without this energy source, meeting goals becomes unlikely. Commitment and personal involvement can balance the volatile nature of a purely emotional response to change and channel this energy in a positive direction.

Definitions and Key Questions

The descriptions help identify each level of stakeholder commitment. The key questions serve as the exit criteria that must be answered affirmatively to reach the next level of commitment.

Awareness

Description:

- Encounters change and realizes its imminence
- Has a high-level awareness of the content and context of the change journey

Key Questions:

- How well informed is each audience group about the issue?
- Do they realize they will be affected by the issue?

Understanding

Description:

- Accepts nature and intent of change

Key Questions:

- How well do the change network members actually understand what the issue involves and how it affects them?

Buy-in

Description:

- Works toward change by testing the new concepts and change implications
- Articulates commitment to the goals of the change

Key Questions:

- To what extent is the audience committed to and enthusiastic about the issue?
- Is there evidence of positive support/endorsement for the issue?

Commitment*Description:*

- Articulates the change as an accepted norm
- Articulates personal ownership of the change

Key Questions:

- How much real involvement and participation does the audience demonstrate?
- To what extent is this change institutionalized?
- Is the change regarded as a matter of course?

** Not all change journeys require that stakeholders achieve the acceptance stage of change commitment.

Stakeholder Analysis Template

Use the following template to make an assessment of stakeholders' response to change and manage individuals commitment proactively. The assessment should be used for key stakeholders that have been identified as significant contributors to the success of the change journey. This stakeholder analysis assessment should be undertaken at regular intervals during the change journey.

This template is designed to be customized, using the following guidelines:

- 1) **Stakeholder** - Define Stakeholder Groups.
- 2) **Role** - Define the Role each Stakeholder has in the process.
- 3) **Impact on the Change journey** - Decide what level of impact the Stakeholder has on the process as a whole. Use a high/medium/low ranking for impact.
- 4) **Current Stage of Change Commitment** - Define what stage of change commitment currently exists.
- 5) **Final Stage of Change Commitment Required** - Define what stage of commitment you feel is required for the change journey. Note that the required stage of commitment will be different for every change journey type, and each Stakeholder.
- 6) **Anticipated Reaction** - Assess and record the anticipated reaction of the stakeholder to this change. State this in terms of anticipated observable behaviors.
- 7) **Planned Response** - Decide if a planned response is required to pre-empt the reaction to gain more constructive behavior and the required level of change commitment.

On the basis of the impact rating of this area of change on the change journey as a whole, prioritize your efforts to gain a greater change commitment from your stakeholders.

STAKEHOLDER ANALYSIS

Stakeholders Sponsors / Agents / Targets	Stakeholders Roles	Impact on Change journey H/M/L	Current Stage of Change Commitment	Final Stage of Change Commitment Required for Stakeholder	Anticipated Reaction	Planned Response
					• •	
					• •	
					• •	
					• •	
					• •	
					• •	
					• •	

Appendix G - SWOT Analysis Example

As explained in the document, the SWOT Analysis will enable a greater understanding of the internal (strengths and weaknesses) and external (opportunities and threats) factors that influence organization and the process. The Analysis will grant the organization the ability to capitalize on its strengths and opportunities while minimizing its weaknesses and threats.

The following example of a SWOT Analysis was developed as a portion of a postal organization's company profile.

A SWOT Model for a Delivery Service Provider

Strengths

- Strong government support
- Customer-focused service - through customer outreach programs and customer feedback analysis
- Technical advisory committee - Mailer's Technical Advisory Committee (MTAC) provides technical information, advice, and recommendations concerning various aspects of the mail and mail industry
- Improved access to information and services
- Automated mail management system
- Strong market presence in the industry - 41% of total world mail volume
- Strong corporate infrastructure - from material management, message handling, through distribution (delivery)
- Customer Perfect! management cycle of planning, implementation and review
- Presence in the internet/world wide web to enhance business and communications capabilities
- Monopoly/reserved services
- Partnership with other businesses/organizations

Weaknesses

- There is a perceived need for strategy to establish priorities among investments in business initiatives, programs to reduce cost, and programs to improve customer service
- Compliance with Statutory Policies - presence of management layers that delay decision making, e.g., implementation of proposed/increase to postal rates

Opportunities

- Expand industry coverage - expand product line
- Intensify existing operations - more IT investments, programs to reduce cost, improve customer service

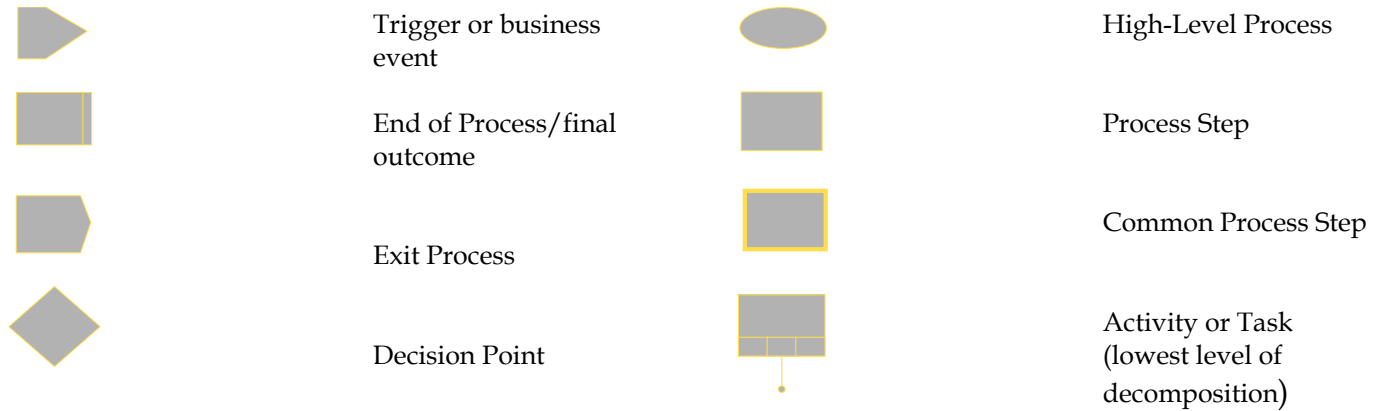
Threats

- Alternatives to organization like other distribution competitors - international mail, express mail, second-class mail (periodicals), third-class mail (advertising) and fourth-class mail (parcels) are open to competition
- Threat of substitute products and service - substitute to physical lettermail, as information becomes virtual and electronic services and transaction networks become popular, there is a perceived decline for physical lettermail

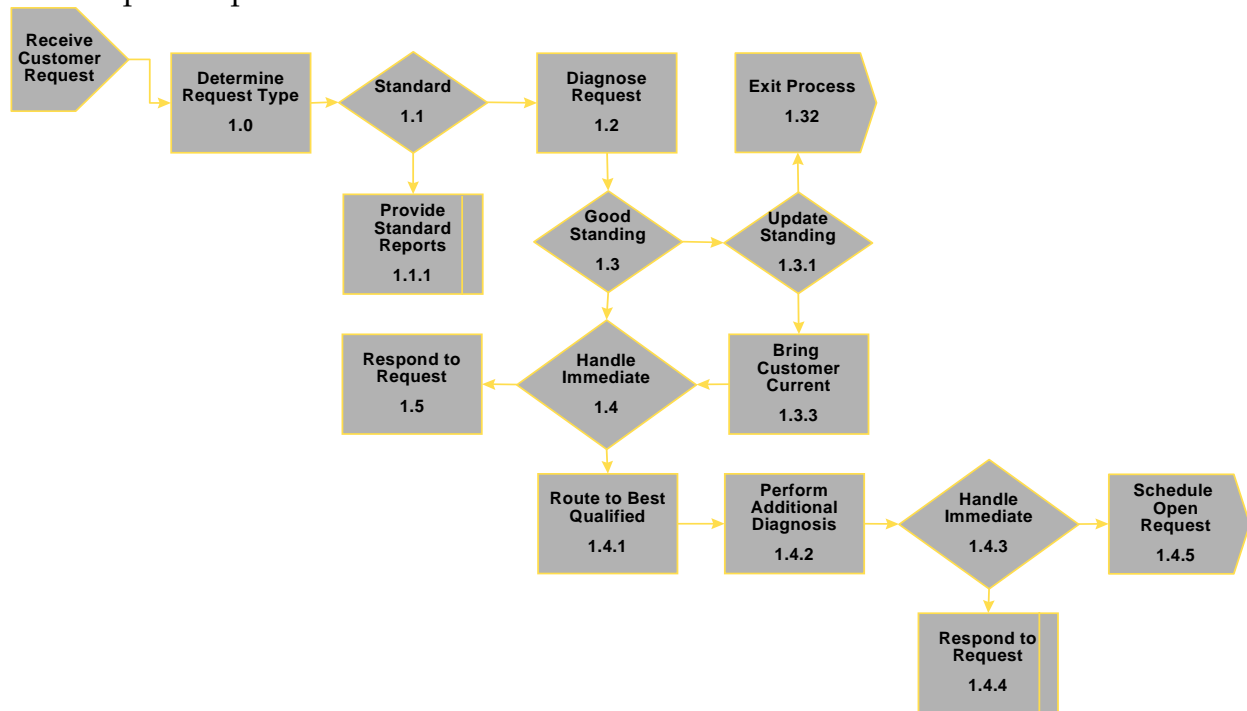
Appendix H - Process Map

The following Process Map example outlines the steps taken during the processing of a customer request. By mapping the processes during the BPI effort, the BPI Team and the organization will more clearly see each step involved in the process and how they may or may not all work together as they should.

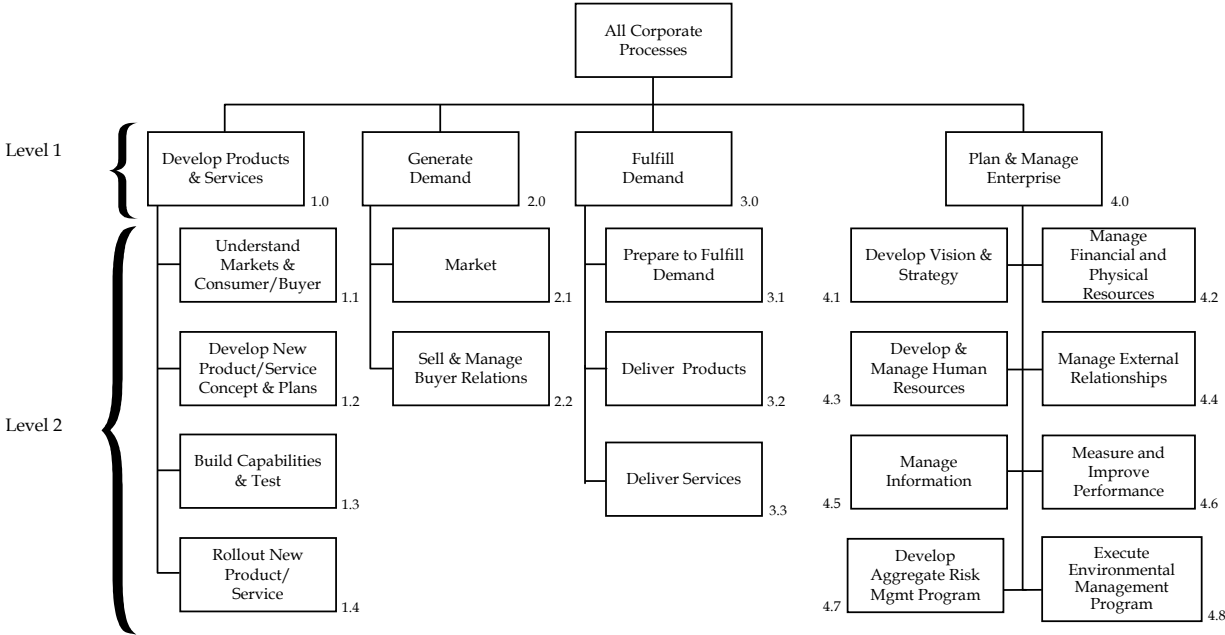
Each symbol in a Process Map holds a different significance.



Process Map Example



Appendix I - Business Process Model



The Business Process Model places the process map into the context of the entire organization as exemplified above. In addition, it elaborates on the different steps in terms of:

- Description of each Process
- Key Performance Indicators of the Process
- Inputs to the Process
- Outputs of the Process

Appendix J - Change Readiness Evaluation

When analyzing an organizations ability to change, an evaluation of readiness must be established. The following are examples of the types of questions that may be asked in a Change Readiness Evaluation. The exact questions asked in BPI will depend on the scope of the project and the organization.

I. PERSONAL DATA

Program Area:

Functional Area:

(e.g., HR, Finance, Sales, etc.)

Years worked for HUD:

Where does your job fit in these broad categories within the company?

Company leader (Assistant Secretary or his/her direct report)

Upper level of management (division, business unit, or functional head)

Middle management

First level supervisory

Non-management

Other _____

II. COMPANY DATA

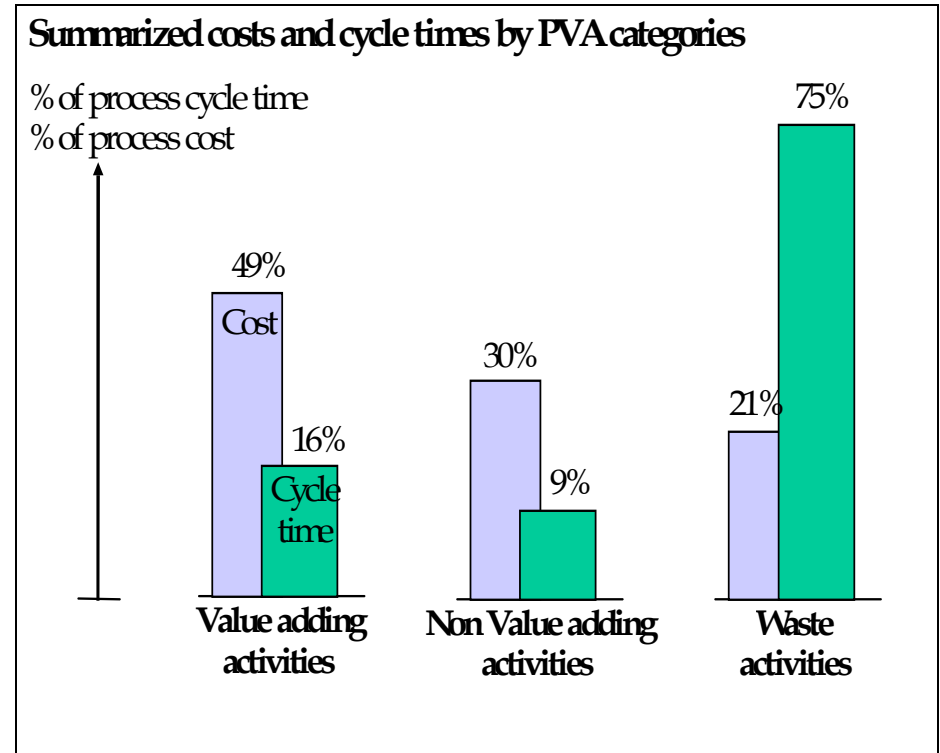
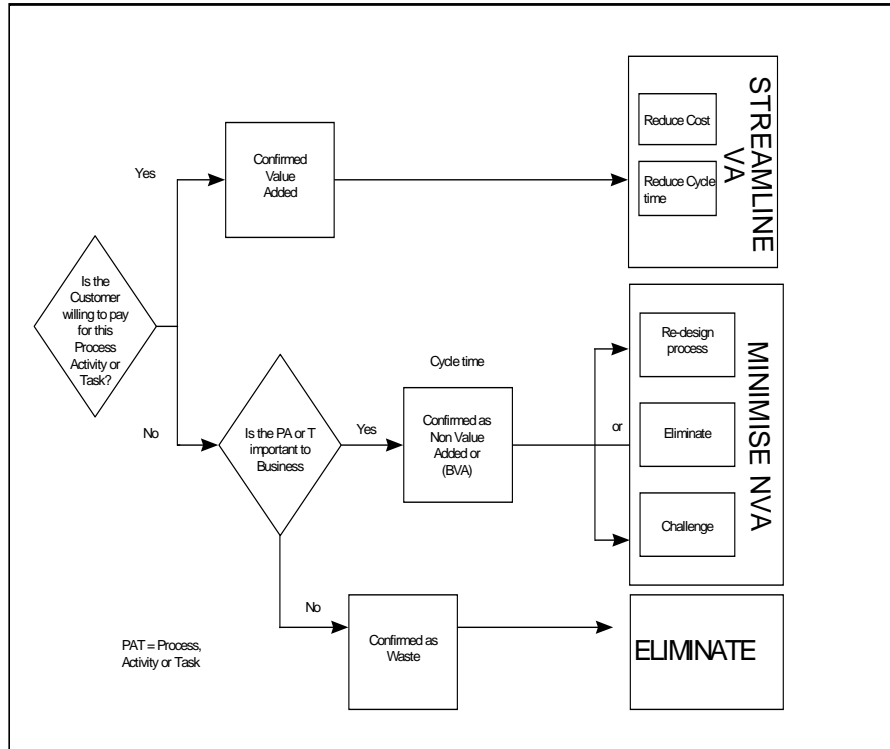
How strongly do you agree or disagree with each of the following statements?

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
<u>Please mark one response for each statement</u>					
In our program area the performance goals of the people involved with change are aligned with the goals of the Department.
In our organization we effectively manage projects across functions/business units
Upper levels of management are the most effective change agents
Members of the leadership team are the most effective change agents
First-level supervisors are the most effective change agents
Middle managers are the most effective change agents
The organization does a good job of keeping me informed of issues and risks facing the company
The organization does a good job of keeping me informed of operating and financial results
I routinely share knowledge and expertise w/ external suppliers and customers
I discuss how we can improve the business with upper level managers
I discuss how we can improve the business with external customers
I discuss how we can improve the business with organization leaders
I discuss how we can improve the business with my immediate supervisor
I discuss how we can improve the business with colleagues in other functions
I identify more with my program area than with HUD as a whole
Company leaders feel that employees are expendable/easily replaced
Our process for making decisions is top down/ command and control
I trust my immediate supervisor enough to communicate bad news to him/her
I trust my immediate supervisor enough to disagree with him/her
My performance goals encourage me to act as a change agent
My performance goals encourage me to share knowledge, information and technology
I routinely receive informal feedback when my performance is good
I routinely receive informal feedback when my performance is lacking
Change initiatives are adequately managed and monitored
Change initiatives have a clear sense of direction
The company invests in building my change skills
The organization adequately invests in my personal development

HUD leaders understand the operations of the business well enough to make the right decisions	..	..	..	..	..
HUD leaders have the best interests of the Department in mind when making decisions	..	..	..	..	..
HUD leaders truly listen when employees come forward with new ideas	..	..	..	..	..
I have the power and influence I need to have an impact on the company and affect change	..	..	..	..	..

Appendix K - Process Value Analysis

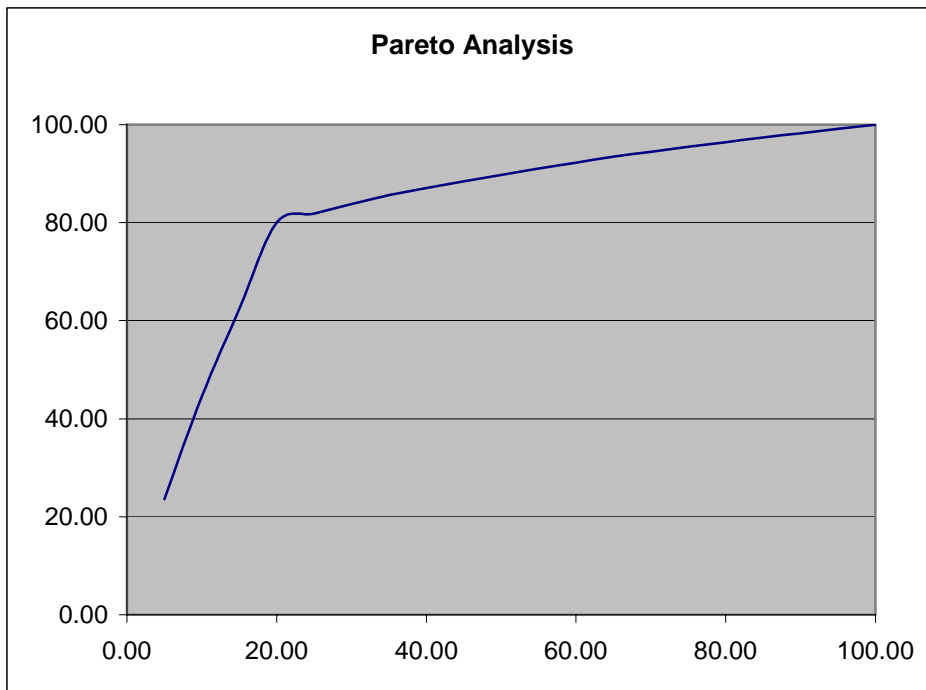
The PVA highlights the activities in the process in terms of whether they are value adding (VA), non-value adding (NVA) or wasteful. Each type of activity costs the organization either financially or in terms of time spent. The question is whether the benefits outweigh the costs. The following two charts demonstrate how the activities within a process can be broken out and evaluated. The first priority is then to eliminate waste.



Appendix L - Pareto Analysis

The following example demonstrates how the Pareto Analysis breaks out its 20%/80% categories. As is highlighted by the graph, 20% of the customers produce 80% of the sales.

Customers (X)	Sales Value (Y)	No. of Customers (X)	Sales Value (Y) Cumulative Total	Customers (X) Cummulative %	Sales Value (Y) Cumulative %
Peter	324.00	1	324.00	5.00	23.61
Alun	287.00	2	611.00	10.00	44.52
Christos	245.00	3	856.00	15.00	62.37
Emma	242.00	4	1098.00	20.00	80.00
Linda	25.50	5	1123.50	25.00	81.86
Steve	26.50	6	1150.00	30.00	83.79
Alan	25.00	7	1175.00	35.00	85.61
Pat	20.00	8	1195.00	40.00	87.07
Ray	19.00	9	1214.00	45.00	88.45
Mike	18.00	10	1232.00	50.00	89.76
Naomi	18.00	11	1250.00	55.00	91.07
Mark	16.00	12	1266.00	60.00	92.24
Andy	16.50	13	1282.50	65.00	93.44
David	14.00	14	1296.50	70.00	94.46
Jeanne	14.00	15	1310.50	75.00	95.48
Alison	13.00	16	1323.50	80.00	96.43
Chris	13.00	17	1336.50	85.00	97.38
Morgan	12.00	18	1348.50	90.00	98.25
Neda	12.00	19	1360.50	95.00	99.13
Nick	12.00	20	1372.50	100.00	100.00



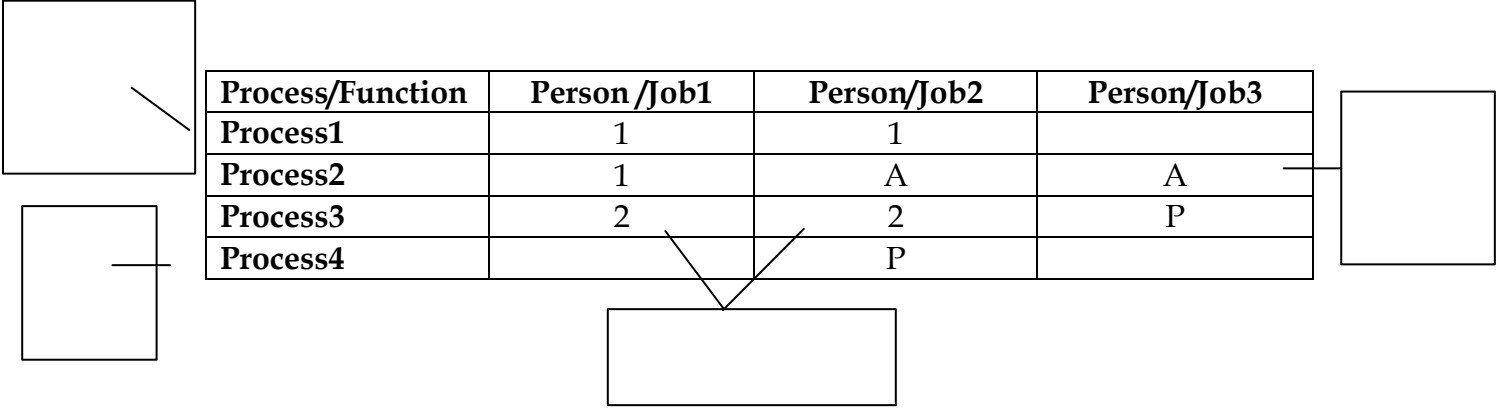
Appendix M - Cross Functional Organization Matrix

The following text and chart explain how a Cross Functional Organization Matrix works to identify responsibilities and training needs.

When an individual or functional unit is involved with an activity, place a "1", "2", "P", or an "A" (Primary Responsibility, Secondary Responsibility, Participates or Approves) in the corresponding cell to reflect the level of responsibility of the individual or function for the process. In addition, one can divide each cell into two segments to record both the "As-Is" and "To-Be" levels of responsibility next to each other to highlight changes.

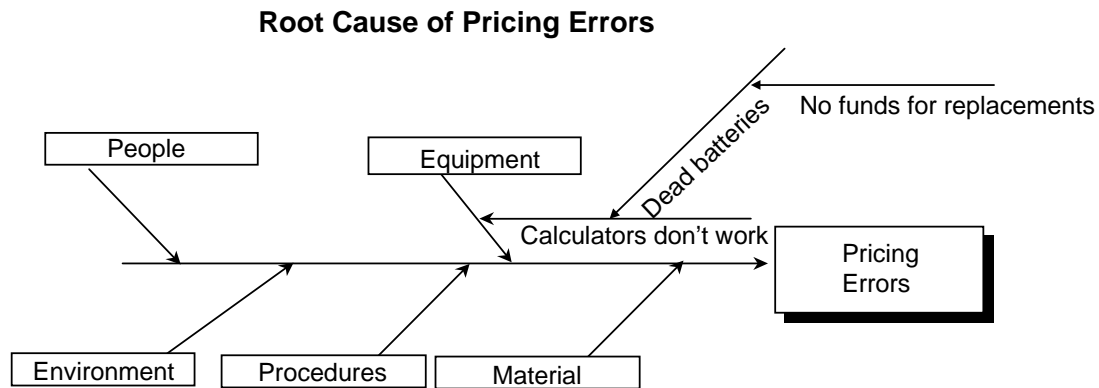
Analysis of the Matrix includes the following steps:

- Look for processes with no "1"s. Where this is the case, there is no one with primary responsibility for the process and, therefore, the process is in danger of not being executed properly.
- Look for multiple "1"s for a given process. Where this occurs, multiple parties have primary responsibility for the process. If this is not desirable, redefine responsibilities. If it is desirable, a team may be called for.
- Look for instances where "2"s span organizational units. This may call for a team to facilitate cross organizational cooperation.
- Look for multiple "A"s for a given process. Too many levels of approval may slow a process down.
- Look down the Person/Job columns. This will indicate all of the areas this person or job should be trained in, and can be a basis for a role or job description.



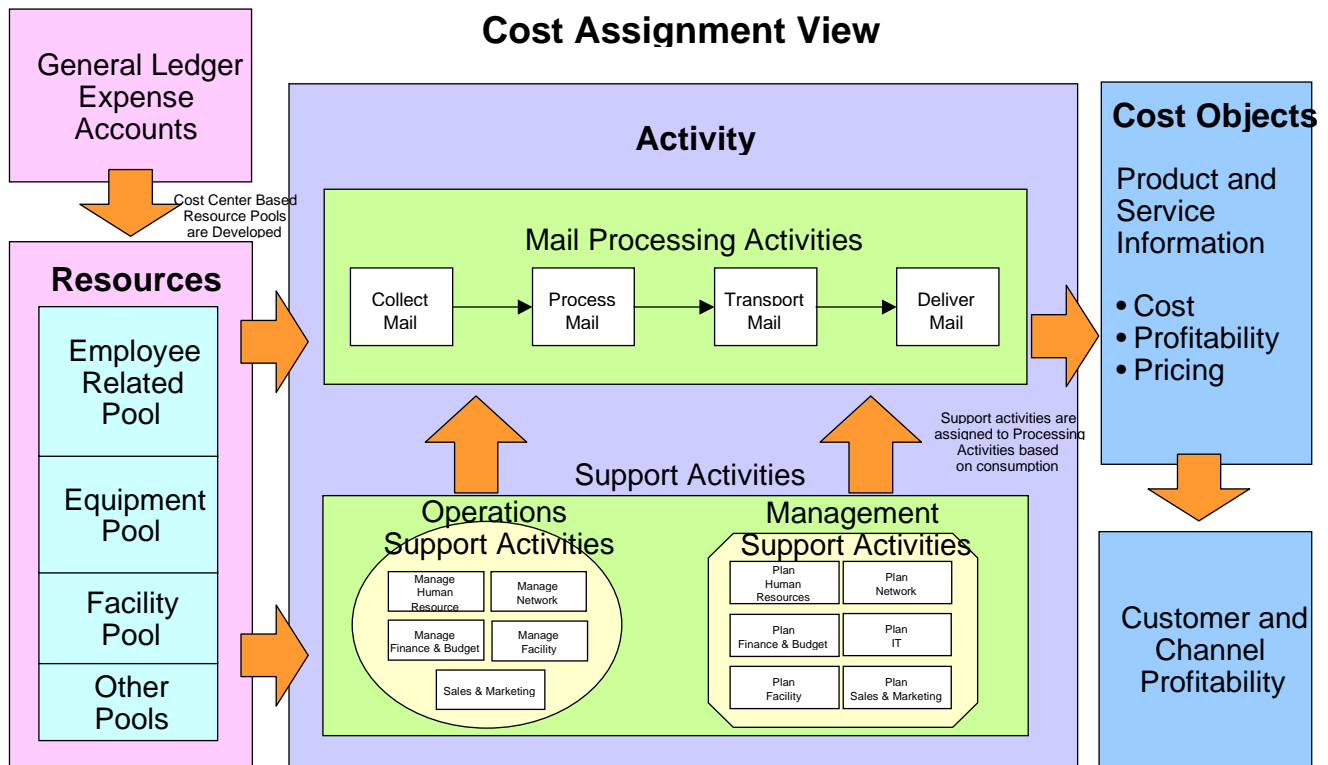
Appendix N - Fishbone Method, Root Cause Analysis

This example demonstrate the technique used in the Fishbone Method. Each branch of the herringbone diagram breaks down a potential case of the problem found in the process, until the root of the problem is discovered. In the example below, the root cause of the pricing errors problem is that there are no funds for the replacements of batteries.



Appendix O - Activity Based Costing

This view highlights how resources are accounted for during ABC. It provides a high-level sense of how the complex ABC analysis works. The resources are allocated to the activities that use them so that costs are appropriately aligned. This will assist in identifying where excessive costs are consumed as well as highlight positive benefit/cost ratios.



Appendix P - Performance Measures

Key Performance Indicators support the vision, values, core competencies, process and organization structure defined for the organization. They are what establish the actual performance measures. People and processes are evaluated on how or if the KPI's are reached.

KPIs help set performance goals in conjunction with:

- Vision
- Solution Strategies
- Business Development Plans
- Budgets

KPIs provide a basis for action supporting:

- Processes
- Job descriptions
- Organization structure

KPIs help to:

- Provide early recognition of potential problems
- Monitor progress relative to performance goals
- Identify improvement areas and provide feedback to organization units, and individuals

All KPIs, team and individual, should be developed using the following criteria:

Measurability:	can be calculated from readily available data
Consistency:	different judges calculate the same results- there is no ambiguity as to what should and should not be counted/measured
Controllability:	achievement of the KPI is within the control of the individual/team
Communicability:	can be easily explained to both internal and external audiences
Timeliness:	can be measured at the required frequency
Comparability:	can be related to past performance and compared between peers
Resilience:	measure is resistant to manipulation
Differentiation:	clarity in which customer service objective is being achieved by each KPI

The following are the next steps required to design and roll out the KPIs:

- Agree on who will be involved in developing and rolling out the KPIs
- Identify the data requirements for KPIs
- Develop detailed designs for each KPI and measurement
- Finalize the format for the KPI reporting package
- Ensure the KPIs are consistent with the approach to incentives and compensation

Appendix Q - BPI Sign-Off

**Department of Housing and Urban Development
Business Process Improvement**

**F I N A L B U S I N E S S P R O C E S S
I M P R O V E M E N T S I G N - O F F
M E M O R A N D U M**

TO: OCIO BPI Team and Executive Sponsors of the BPI effort
FROM: Process Owner
SUBJECT: FINAL SIGN OFF
DATE:

The _____ Process Owner has reviewed all deliverables, and is satisfied with the recommended solution provided by the Office of the Chief Information Officer BPI Team. The Process Owner will do everything possible to ensure a successful implementation of this BPI. The knowledge transfer from the OCIO BPI Team to appropriate personnel has taken place. Those personnel responsible with tasks in the new process are comfortable with the recommendations provided.

Briefly summarize documents received, variations from procedure, significant obstacles to the BPI effort and significant risks to successful BPI implementation:

Process Owner:

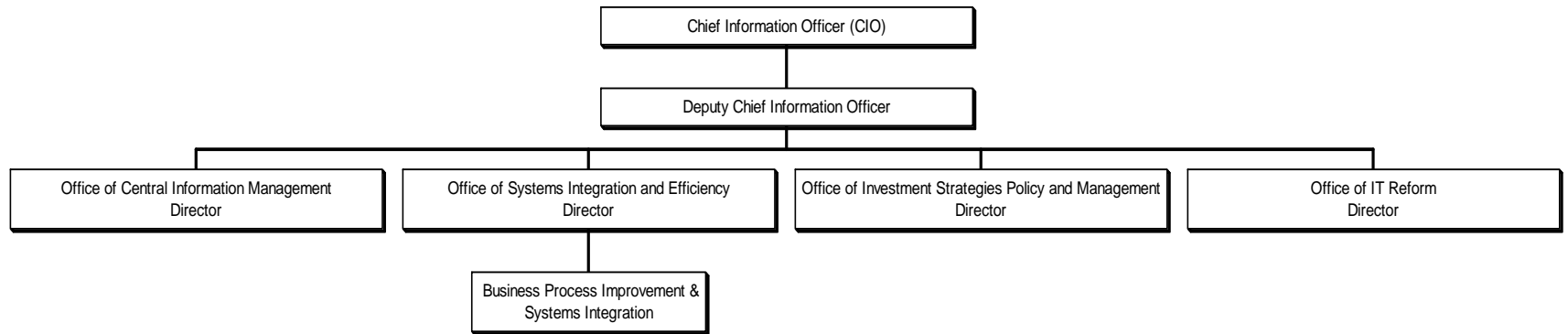
(1 hard copy to Process Owner, 1 hard copy to OCIO BPI Team)

Appendix R - Acronyms

ABC	Activity Based Costing
BOP	Business and Operations Plan
BPAT	BPI Program Area Team
BPI	Business Process Improvement
CIO	Chief Information Officer
CIP	Critical Infrastructure Protection
EA	Enterprise Architecture
GAO	General Accounting Office
GPRA	Government Performance and Results Act
HOCs	Homeownership Centers
HPF	Human Performance Framework
HUD	Department of Housing and Urban Development
ICeT	Integrated Certification Test
IG	Inspector General
IT	Information Technology
I-TIPS	Information Technology Investment Portfolio System
ITMRA	Information Technology Management Reform Act
KPIs	Key Performance Indicators
NVA	Non-Value Added
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PRA	Paperwork Reduction Act
PVA	Process Value Analysis
SMEs	Subject Matter Experts
SWOT	Strengths, Weaknesses, Opportunities and Threats
TIBEC	Technology Investment Board Executive Committee
VA	Value Added

Appendix S - CIO Organization Chart

The following Organization Chart details where BPI resides in the Office of the Chief Information Officer.



a.

Appendix T - Key Terms

- **Business Process Improvement (BPI).** A fundamental rethinking and restructuring of the way an organization does business. BPI is an approach that impacts all aspects of an organization by radically redesigning processes and using the power of technology to gain substantial improvement in technology.
- **BPI Initiative.** The BPI Initiative refers to the entire Office of Business Process Improvement and Systems Integration BPI effort. It includes the general BPI practices as well as the individual efforts.
- **BPI Project/Effort.** The BPI Project/Effort refers to an individual BPI project that focuses on a specific organization. It is a subset of the entire BPI Initiative.
- **Cylinder.** HUD is traditionally organized by Program Areas that may not communicate with one another. This relative isolation is cylindrical in that focus remains top to bottom within the Program Area, and may not include consideration of other functions or Program Areas.
- **Executive Committee.** High level executive sponsors of an individual BPI effort, responsible for issue resolution, establishing commitment to change, and general leadership throughout BPI.
- **Function.** A group of people performing similar tasks. These tasks may be part of a process, but the tasks in a given function do not, by themselves, produce an outcome of value to a customer.
- **HUD Strategic Plan.** HUD Strategic Plan is a management reform plan which includes a series of initiatives to empower communities and restore HUD's credibility by improving the efficiency and effectiveness of the Department's programs and services.
- **HUDWeb.** HUD's intra-net available to all HUD employees as an information resource.
- **Internal Transfer Prices.** These prices are used by an organization to allocate costs to the sub-units of an activity that actually consume the resources.
- **Process.** A process is a group of interrelated activities that together create value for the customer.
- **Process Owner.** A key player in a process-centered organization who is responsible for achieving the outcomes of an end-to-end process, driving process improvement and acting as an advocate for the process within the organization.
- **Sacred Cows.** The sacred cows are elements in a process that are sacred to the organization and can therefore not be touched when improving the process.

- **Stakeholder.** Person affected by a change, whether it is a process change or any other. Stakeholders include employees, customers, suppliers, business partners, and sponsors.
- **Streamline.** The streamlining of processes indicates an elimination of redundancy and waste. It brings out increased levels of efficiency and potentially shared resources.