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Corporate Business Processes For the Real World

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Sometimes people bristle at the idea of defining business processes. These two words, when put together, conjure up images of consultants, whiteboards, and dizzying Visio flows with no shortage of boxes and arrows joining them.

But defining business processes is a key to a prosperous construction or engineering organization and can make the difference between successfully scaling an organization or having it "stuck" at a certain size and unable to grow.

Consider an organization that has grown by acquisition. Newly-acquired firms are absorbed into the corporate structure, and people, roles, and systems are integrated. But none of this happens without a clear set of business processes that are communicated throughout the overall organization.

A business process is simply a set of procedures that, when executed, results in a predictable outcome aligned with corporate goals. In the capital projects space, these come in many different shapes and sizes. For instance, during execution of a project, when is it appropriate to draw down a contingency reserve? In other words, are there well-established guidelines which state what is allowed and (more importantly) what is not allowed to trigger a dip into the contingency fund?

The answers to these questions are somewhat arbitrary, but when everyone is operating from the same set of guidelines, patterns emerge which can identify areas needing course correction. So, whether a catastrophic weather event is sufficient cause to draw down contingency, the goal of this being treated the same way across the organization is really the big takeaway here.

Identifying Your Champion, the Business Process Owner

From my own experience, I've seen conference rooms come close to resembling boxing rings over discussions such as "Do we count the foreman as part of the direct workforce, or is that resource considered an indirect cost?" Again, the answer needs to be defined at an organizational level and should not be left up to the project team planning a specific scope of work.

What are some ways to get started defining and documenting business processes within an organization? Take the issue of change management; are we identifying issues early in the life cycle of a project, which can then be escalated to various types of changes? When do we approve a vendor's request for a change? Does a $5,000 change have the same routing and sign-off as a $50,000 change? The answers should be represented by clear thresholds and delegations of authority.

The best place to start is by identifying a champion for each key area of the business. This Business Process Owner (BPO) is someone who understands the flow of the business at a high level, in addition to having specific domain expertise. This is usually in addition to — and not instead of — other duties and obligations that this person has within the firm. The BPO will create the appropriate workflows relating to their specific area of expertise. It is imperative that these process owners coordinate with the owners of adjacent processes to ensure that there is a clear set of best practices employed at every step of these connected processes.

It's not necessarily the responsibility of the BPO, however, to become involved in every detail on every project, but it is incumbent upon them to ensure that their defined business processes enable people to act, preferably at the lowest level appropriate.

Using Your Contingency Reserve

Now, let's revert to our discussion on appropriate uses of a contingency reserve. A competent process owner will have created a clear list of what is, and what isn't allowable to reach into the contingency fund. And if an event is not an appropriate trigger for contingency draw-down, what are the next steps the project team members need to take? How well is this information "institutionalized" throughout the organization? Is everyone on the same page in terms of what happens next?

In this manner, the business process becomes an integral part of the company's day-to-day playbook.

Why are some organizations better equipped to articulate their business processes than others? Believe me when I say there is a continuum in our industry along the maturity curve here. Some of it has to do with buy-in across the organization. Sure, the CEO supports it and the project teams believe in it, but what about the "frozen middle" level of management; are they on-board? Do folks in one department — such as preconstruction planning — understand some of the challenges being faced in other areas, i.e., field execution management, turnover, and commissioning, etc.?

Once business processes are defined and communicated across the organization, they need to be refined as necessary. The change management approval/delegation process discussed earlier may need to be tweaked as the business changes. A way of managing this may be to create a Center of Excellence within an organization, where BPOs meet regularly to share lessons learned and have a feedback loop to the key business leaders. Now the concept of continuous improvement is embedded in the business.

The Founder Conundrum

The founder conundrum is a term I use to describe an organization that is unable to grow, because the individual at the helm (usually the founder) is either unwilling or unable to let go of the reigns enough to empower other people within the firm to make decisions. Instead, all major decisions get routed through the founder's desk, which piles up quickly with tough issues that need to be solved. Talented people leave the firm as they feel they don't have agency, and the key business leader can no longer act strategically as they are mired in an endless supply of tactical decisions.

This inability to scale can be avoided if clear business processes exist, and people are empowered to act aligned with those processes. Here are some examples:

- **Billings Management** — Are we increasing the efficiency and removing unnecessary steps while billing the customer to get paid?
- **Estimating and Pricing** — Do we have clear definitions of direct vs indirect costs? Do we have standardized Key Performance Indicators (KPIs) we review pre-execution?
- **Earned Value Management** — How are we using KPI's and metrics to course correct during execution?
- **Cost Budgeting and Forecasting** — Do we allow cost codes with $100? How do we know when it's appropriate to use one forecasting method over another?

Finally, don't overcomplicate things! The business processes that are clear, communicated, and consistently followed are the best ones for your organization.

About the Author

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