Business Process Standardization With RPA

Why & How to Achieve Business Process Standardization

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What is a Business Process

Business process is a series of tasks that are linked together to accomplish a common goal.

Each task consists of a clearly defined set of inputs and outputs that are unique to the task.

These factors are used to categorize the process as a management, operational and supporting business process



Business Process Standardization is the act of establishing a "Best Practice" of how to carry out a process and make sure that the entire organization follows it.

Standardization of the processes can be done to gain their benefits or as part of a bigger initiative such as Business Process Management (BPM).

It helps to achieve componentization where you can re-use the same process which is already established as a component of another process. This can range up to different areas/ departments of the same company.

Standardization steps usually include

- Setting the standards
- Reporting on the standards for the management
- Adherence to the established standards
- Continuous improvement



What RPA has to do with Process Standardization

- Robotic Process Automation (RPA) aims to replace highly manual, repetitive, rule-based processes that handle huge volumes of data.
- RPA is not a nail which we can use to fix a broken process which humans perform manually on a specific routine.
- Every RPA project should focus on some level of process standardization before any automation efforts.



Why RPA Require Process Standardization

Characteristics of a Non-Standardized Process include

- Increased error rate
- Decreased quality of routine tasks
- Inefficient tasks
- Excess repetitive tasks
- Reduced functionality
- High maintenance costs
- Less reliable end results

Automation of such processes will not gain the required improvement to the organization without proper application of process standardization.

Process Standardization is one of the key requirements customers expect from an automation project

Over time, small/ medium/ large organizations have accumulated multiple, disparate and often redundant processes to accomplish the same purpose throughout the organization.

This generally leads to **inefficiency** of the tasks that are carried out and a **lack of ability to provide the required output** in a consistent fashion.

Standardizing a business process is a must before applying automation onto it

Process standardization should be done in a way where it can be applied in multiple sections of the organization.

Applying RPA on standardized processes will provide a better automation end result

The process standardization is done by Business Analysts and BPO experts

Why RPA Require Process Standardization



According to Gartner 80% of the enterprise data today is not structured

Automation robots works best with structured data.

Hence, RPA can be easily applied to a process which uses structured data where there are no too many variations in the process (standardized process).

Latest trend – Unstructured data all around

If the process that use this unstructured data is not standardized, there will be unmanageable variations in the process. Matters become worse when automation is applied to such processes.

Have a standardized process – Applying cognitive automation through RPA is quite easy to bring the unstructured data to a standardized, meaningful format which robots or humans can use for many tasks.

Process Standardization Benefits as Part of RPA

Applying RPA will

- Improve the quality of routine tasks
- Increase overall process efficiency
- Decrease error rates
- Reduce redundant and unnecessary tasks
- Reduce dependencies on multiple systems and screens

Significant contribution for the above benefits will be made through standardization as they highly contribute in

- perfecting customer service
- productivity & process improvement
- increased quality and clarity
- Easier on-boarding of new technology



Process Standardization & Approach

- Every step of a business process deals with data
- RPA focus on automating every step of a business process in a standardized approach



Data

Process Standardization & Approach

Improvements can be made at every level in the organization

Management

- Eliminate unnecessary activities & controls
- Define common data sources and systems

What is the standard red way of achieving this

Reorganize tasks of the business process

Team Leads

- Standardize operational procedures
- Standardize hand-offs
- Digitize at the source

Team Members

- Standardize formats
- Define decision rules
- Eliminate waste

Approach to Standardize a Business Process as Part of RPA

The Below framework can be used as a business process standardization approach in any RPA project

Preparation	Standardize	Monitor
Analyze	Standardization & Technical Feasibility	Analyze
 Existing process documentation Organizational policies, goals & objectives Identify stake holders and their manual practices Government regulations Identify sub & related & similar processes 	 Application of the Lean Six Sigma methodology for process improvement Feasibility study to identify the possibility of introducing RPA Find work arounds to where application of RPA has constraints 	 Monitor process implementation Verify process performance Validate compliance requirements Validate the final process objectives and goals Change management Ensure process sustainability
Pilot Sessions	Documentation	
 Develop standardization road map Redefine the process metrics and objectives if changed Stake holder training of the redesigned 	 Conduct workshops with process owners and stake holders focusing on main/ sub/ related processes to identify and omit non-value- added tasks 	

Standard Delivery

• Develop process governance and compliance

• Document the standard process

• Develop and apply process rules

• Plan deployment and training

metrics plan

- Stake holder training of the redesigned process
- Change management

Business Analyst should carry out the below tasks to identify standardization procedures

- Detailed discussions with the stake holders of the existing manual process & expected automated process
- Detailed documentation of the existing manual process to identify manual, semi automated & automated activities within the process
- Identify standard operational procedures which can be introduced and mapped it to the process map
- Plan for a standard business rule library which can be used by the automation process.
- Come up with standard procedures for the maintenance of the business rule library
- Identify complexity of the existing process and investigate ways of reducing the complexity by applying standardization.

Analyze

- Existing process documentation
- Organizational policies, goals & objectives
- Identify stake holders and their manual practices
- Government regulations
- Identify sub & related & similar processes

Standardization Framework – Standardization & Technical Feasibility

Below guide is followed by a Business Analyst to find best candidate processes for automation



* Readable input type = Excel, Word, Email, XML, PPT, PDF etc.

In order to benefit from a rapid ROI, choose processes that passed through a **transformation initiative** using the **Lean Six Sigma methodology**.

Where the Standardization Framework is Applied in Process Life Cycle



Six Sigma for Process Standardization



The best process improvement methodology that is based on scientific approach

Six Sigma for Process Standardization With Example

- Accounts payable is a process that requires many steps & approvals
- RPA can automate the majority of account payable processes listed below:
 - Invoice Data Entry
 - Check preparation
 - Disbursement of checks

This example is used to explain the phases of Six Sigma

Methodology to guarantee that the process will be fully optimized and standardized to receive the RPA robot;



Main purpose: verify the actions, which should be taken in order to solve the problem

Deep analysis of the process and identify bottlenecks

Design the high-level process map

Identification of the pain points and setting the estimations

Obtaining the support of the management for the process change

Defining the needed resources, their responsibilities & communication plans

Define and document what the final output should be

Define how the process should work to achieve the best possible output



Tasks



Reduction of Finance Department's Accounts Payable Procedure Cycle Time

Problem Statement

From February to June 2019, the average processing time for Accounts Payable Procedure is at **42 minutes per transaction** which resulted to the following:

- Employees are required to render overtime
- 2. Increase in Time Charges

Goal Statement

To reduce the average Accounts Payable procedure cycle time **from** 42 minutes to 15 minutes.

Project Scope

Process Start: Checking of Completeness transactions

Process End: Recording of Disbursement

IN:

- Account complete details
- Accounts scheduled for payment

Out:

- Incomplete Invoice Details
- Accounts not scheduled for payment

Project Timeline



Importance

Non-Financial	Financial Impact
1. Reduce AP cancelled transacions due	Reduce monthly OT expense from
to human error from 12 to 4	3,070.81 USD to 958.58 USD
2. Reduce AP cycle time from 42 minutes	
per transaction to 15 minutes	

Project Team

- Sponsor: Michelle Jackson
- **Champion:** Lahiru Fernando
- Black Belt: Jay Armand Ogayon

Team Members/Subject Matter Experts

1. Bill Gates

4. Carl Williams

- 2. Steve Jobs
- 3. Michelle Jonson

To Be Process Performance Standard



Six Sigma for Process Standardization - Measure

Main purpose: Measuring the current process by gathering information to understand its state

Creation of a process map of the actual situation

Identification of valid & reliable metrics through historical data

Tasks

Checking if there is enough data to measure

Perform comparative tests

Perform FMEA tests to identify places of possible risk

Document the current performance and effectiveness

Value Stream Map (Process Map) of Current Process



Main purpose: Analyzing the results of the measurements to determine causes of the process imperfections

Qualitative analysis to identify operational, customer and non value added tasks

Identify the key reasons for what causes what

Identify the difference between the current and the target performance

Understand the process variations using 5 M's

Estimate the resources required to achieve the target

Identify possible obstacles

Develop Impact Vs. Control Matrix for the process





Tasks

The Why's of Analysis



Whys Why Is there a delay in the processing time? Procedures are done manually Why Are procedures done manually? *No available tech to automate procedures* Is there no available tech to automate Why procedures? Automation is not one of the company's thrusts



Impact Vs. Control Matrix



Six Sigma for Process Standardization – 5 M's



These variations has to be reduced to the best possible extent to make the process standardized

Main purpose: Implementing the changes which eliminates the imperfections

Prepare the future process map

Designing the implementation plan

Preparing the structure of the work division

Tasks

Developing and testing possible solutions

Selecting the best possible solution with less process variations

Providing training for the stake holders

Change management



Improved Vs. Legacy State of Account Payable Process



Main purpose: Controlling the improved process & monitoring the results in a continuous way

Documentation of the plan for process standardization

Documenting the plan for process monitoring improvements

Confirmation of the improved procedures

Transferring the ownership of the process to relevant teams



Thank You!!!

Quote to end:

The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.

Bill Gates