

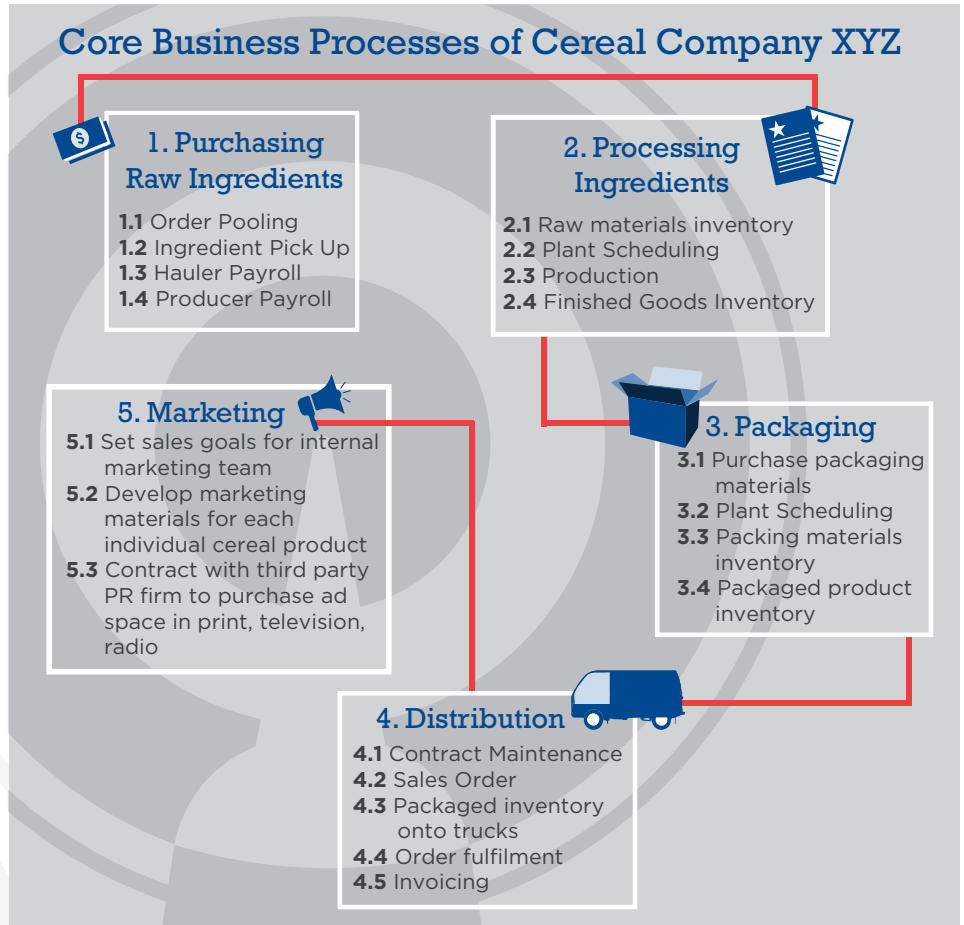
Core Competencies, Key Business Process, and Product Service Lines

A White Paper from Achieveit

3 Key Business Processes:

A business process is a collection of interrelated tasks that solve a particular issue. There are three types of business processes:

- 1. Management processes** are those processes that govern the operation of a system. Typical management processes include corporate governance and strategic management.
- 2. Operational processes** are those processes that constitute the core business and create the primary value stream. In a manufacturing organization, typical operational processes are purchasing, manufacturing, marketing, and sales. In a healthcare organization, typical operational processes include elements of the patient care process and components of the revenue cycle.
- 3. Support processes** are those processes that support the core operational processes. Examples include accounting, recruitment, and information technology. A business process can be decomposed into several sub-processes, which have their own attributes, but also contribute to the goal of the super-process. The analysis of business processes typically



includes the mapping of processes and sub-processes down to the task level.

Business processes are not the same as product or service lines. However, business processes will cut across the many product or service lines an organization offers. For instance, typical business processes for a cereal company are the purchasing of raw ingredients, the processing of those ingredients to make the cereal product, packaging,

marketing, and distribution. Regardless of the number of cereals offered by the company, or the variety of target markets, the core business processes remain unchanged. For example, if the company elects to pull out of the children's cereal market, the business processes stay the same. Likewise, if the company then decides to enter the health food cereal market, the business processes remain relatively unchanged. Key Business Processes are those

management and operational processes that can cripple an organization if the processes do not function well. If any of the key processes fail, the company's

 Business processes have the following characteristics:

- **Definability:** It must have clearly defined boundaries, inputs, and outputs.
- **Order:** It must consist of activities which are ordered according to their position in time and space.
- **Customer:** There must be a recipient of the process outcomes.
- **Value adding:** The transformation that takes place within the process must add value to the recipient, either upstream or downstream.
- **Embeddedness:** A process cannot exist in itself; it must be embedded in an organizational structure.
- **Cross-functionality:** A process regularly can span several functions, although this is not a requirement.

ability to compete is severely hampered. To differentiate further between key business processes and service lines: while the failure of a key business process could bring a company to its knees, the failure of a product or service line is unlikely to do so. If the cereal company's health food offering fails, the company will continue to push ahead in other markets, even if it takes a loss in one product line segment. However, if the cereal company's distribution process fails, it will negatively affect all of the company's products, not just the health food cereal.

Processes and Service Lines:

Product or service lines are a way of organizing the company to support the strategic plan. The cereal company has 10 different offerings (four children's cereal, four adult cereals, and two organic cereals) which means the company could elect to organize around 10 different product lines – one for each cereal. Alternatively, the organization could structure itself around three product lines: children's cereals, adult cereals, and organic cereals. How it is structured is largely dependent on organizational vision and strategy.

Similarly, healthcare organizations also follow these same principles of business processes and service lines. A hospital can expand or contract its service lines: opening a children's hospital, spinning off its primary care physician network, closing its rehab hospital, or launching a trauma program. While the service lines can change, the business processes that support the service lines do not. The business processes required of a cardiovascular service line are identical to the business processes required to support an orthopedic service line. If the hospital elects to close its orthopedics program, the same business processes are still required for the cardiovascular service line.

Most service lines do not have clearly defined boundaries. For instance, some patients enter through an ambulatory environment, others through outpatient services, while others enter through inpatient services. In addition, there are a myriad of beginning and ending boundaries for each service line, and the service lines themselves do not consist of ordered activities.

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