MicroSave Briefing Note # 41
Process Mapping in Practice
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What Is Process Mapping

Process mapping[1] is a technique that makes workflows visible. A process map is a flowchart that shows who is doing what, with whom, when, for how long and with what documents[2]. It shows how operational decisions are made and the sequence of events.

MicroSave goes beyond drawing flowcharts, adopting a four-tier approach. The four tiers are, the flowchart, a description of the process, potential risks in the process and possible controls. This approach enables efficiency and internal controls to be carefully balanced, to the benefit of the institution and its customers.

Steps in Process Mapping[3]

Identifying and prioritising operational gaps
1. Choose processes to be mapped
2. Select people for the process mapping exercise
3. Define process along with process mapping objectives
4. Gather data
5. Construct "As Is" map
6. Analyse "As Is" map
7. Analyse "Could Be" and "Should Be" maps
8. Summarise and distribute findings
10. Getting into action – testing new processes

Benefits Of Process Mapping

Action Research Partners report extremely positive results from mapping processes. In many institutions this may reflect the prior absence of a mechanism to review processes holistically combined with the organic growth of processes over time. The speed at which visible efficiency gains can be realised suggests that significant benefits can be derived from a first round of process mapping. Benefits reported operate at strategic, managerial and operational levels.

Risk Management: Risks are quickly identified and appropriate responses designed. Risk mitigation tactics can be monitored and assessed. Tanzania Postal Bank for example is using process mapping to strengthen their management of credit risk.

Human Resource Management: There is usually improved assignment of tasks between individuals. Assessment of process related blockages can lead to reallocation of staff, and process improvements result in more efficient use of staff.

Standardisation of Practices: Process maps act as reference points for day-to-day work, they are easy to refer to, read and understand. To encourage standardisation, Equity Bank placed process maps on its intranet system.

Feedback Loop: Properly drawn maps identify information flows to and from management and thereby can guide and improve decision-making.

Customer Service: Almost all Action Research Partners have reported improvements in service levels. Process mapping improves service levels through examining processes for bottlenecks, delays, preventable errors, role ambiguity, duplications, unnecessary handovers and cycle time. Kenya Post Office Savings Bank has implemented changes that significantly reduce congestion in their banking halls.

Change Management: Process and many non-process areas that require change are identified. Process related changes can be tested prior to institution wide implantation increasing the chance of successful change being introduced.

Activity Based Costing: A detailed understanding of processes facilitates the creation of an appropriate activity dictionary for Activity Based Costing (ABC) Standardisation of the application of processes, makes the results of ABC more representative.

Cost Control: Process mapping enables procedure related bottlenecks to be identified and removed. For Commercial Microfinance Limited (CMF) in Uganda the decision to simplify loan application procedures saved staff and clients, time and money. FINCA Uganda reports improved efficiency with a slowing in the rate of staff recruitment.

Banking and MIS: Process mapping is a frequent starting point for system audits. FINCA Uganda used process mapping to identify weaknesses in their banking system and to guide system related improvements. CMF were able to document and improve their disaster recovery procedures.

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[1] This Briefing Note is based on a paper of the same name available on *MicroSave's* website www.*MicroSave*.net under the Studies section.

[2] For guidance on how to produce process maps *MicroSave* has produced a toolkit "Process Mapping for Financial Institutions", which is available on the website under the Toolkits section.

[3] See Briefing Note # 29 "Process Mapping for Risk Management and Process Improvement", available on the website under the Briefing Notes section.

Staff Performance and Training: Process mapping enables the creation of performance standards by determining how long a particular process should take and through encouraging consistency in application it makes it easier to identify staff performing above or below expectations. Through streamlining processes and removing excessive handovers, it can improve the attribution of performance. As a visual tool, process maps can replace pages of text and significantly shorten procedure manuals. Equity Bank already uses the first two tiers of the process map – the flowchart and its description to teach procedures to new and existing staff.

Reduced Documentation: Most Action Research Partners report significant reductions in documentation. CMF consolidated information requirements into a single loan agreement. Thereby reducing duplication of information in the process.

New Product Development: Process mapping enables new product procedures to be adapted from existing procedures or developed from scratch and changed easily before they are written into policies and procedure manuals. FINCA Tanzania has used process mapping to develop and document new procedures around individual lending products.

Step-By-Step Challenges And Tips
Choosing processes: Linked processes represent a significant challenge in determining which processes to map. For example, U-Trust wanted to improve liquidity management, but first had to determine which of its many interrelated processes to concentrate upon.

Team Composition: Selecting the right team to produce and analyse the initial "As Is" maps is critical. Team members need to include implementers of processes. Having a member of senior management as a core member of the team increases the likelihood of the recommendation being implemented by management but carries the risk that the senior manager may not commit adequate time to the assignment itself. When Equity decided to process map the entire institution it quickly realised this was a much more involving exercise than mapping an individual process. Establishing appropriate teams was key to success. Functional teams comprised of end users created the initial "As Is" Maps. Working teams, comprised of supervisors and managers reviewed the maps. A senior management team then developed "Could Be" maps. External consultants and experts advised on compliance and risk management.

Gathering data – what, where, how: To map a process completely it often needs to be studied from various perspectives. A range of approaches was used which included interviews with staff and customers, direct observation of processes, review of internal audit reports, reference to existing procedures and reference to job descriptions. Respondents sometimes detail processes as they believe they should operate, rather than as they actually operate. Direct observation is an essential control. The process of developing the maps is time consuming; each map can take several days to generate. So teams had to have relative freedom from existing responsibilities.

Gathering Data - Capturing Non-Process Benefits: When the process mapping team is gathering data and making observations, non-process benefits will be identified. Although capturing non-process benefits is not the core objective of process mapping, the team should document observations and make appropriate recommendations. CMF's team improved signage, notice boards and queue management systems.

Construction of Maps: Consistency in drawing maps between team members is difficult to maintain, with variance in symbols for uncommon activities, deciding on the level of detail to analyse sub-processes, the extent and placement of text on the map, and the degree of detail in the description accompanying the map.

Analyse Maps: Once "As Is" maps have been drawn they should be carefully analysed to ensure processes operate as described; to ensure that if necessary two or more "As Is" maps are drawn to describe major variations and that risks within processes are correctly identified. At this stage, senior management involvement is essential, in the words of one respondent "it was difficult to get enough time from some senior managers, so we consistently had to fall back on the core team and did not produce the best results." Analysis of maps should be a participatory process, while performing risk analysis inputs should be taken from those operating and supervising the process. Senior management must be involved as they have a responsibility to maintain a balance between control and functionality. Internal audit and risk managers should also be involved.

Constructing "Should Be" Maps: In some cases "Should Be" maps indicated that multiple and fundamental changes to existing processes was necessary. In this case, a graduated approach that implemented "quick wins" first was often necessary to maintain momentum behind the change process.

Testing new processes: Pilot tests enable major changes to be tested for unanticipated consequences. They provide information on the best way to implement changes and the extent to which reversion to previous procedures is likely.

In Summary: Carefully analysed process maps bring efficiency and risk management gains that to date outweigh the significant investment in time and resources required to generate the maps. Consider it now!