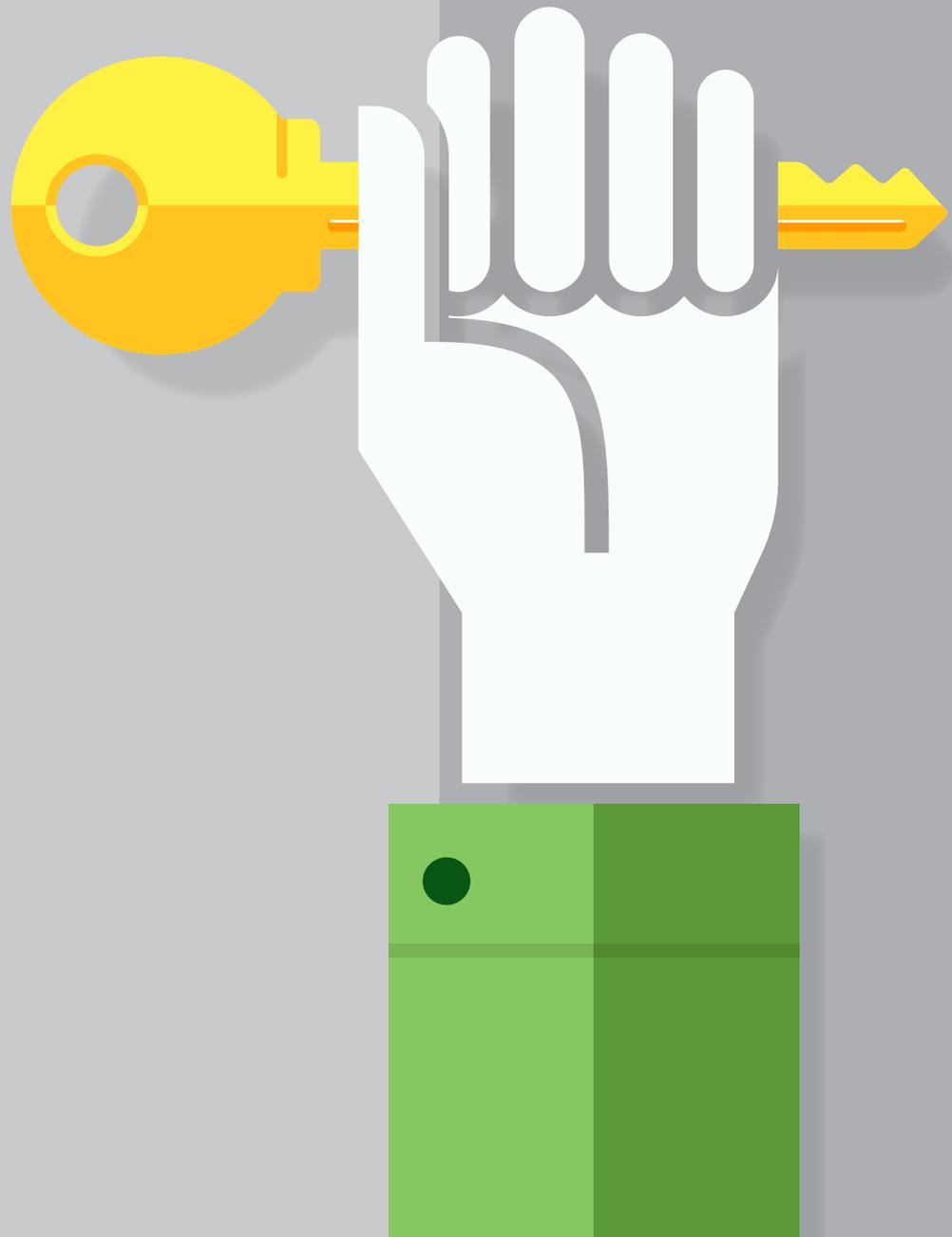
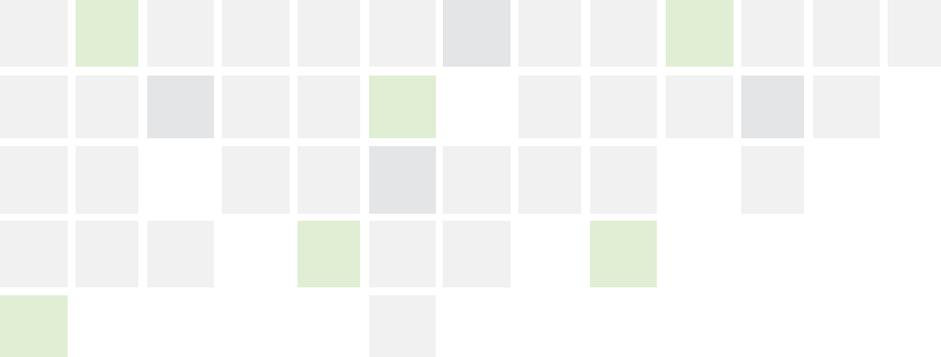


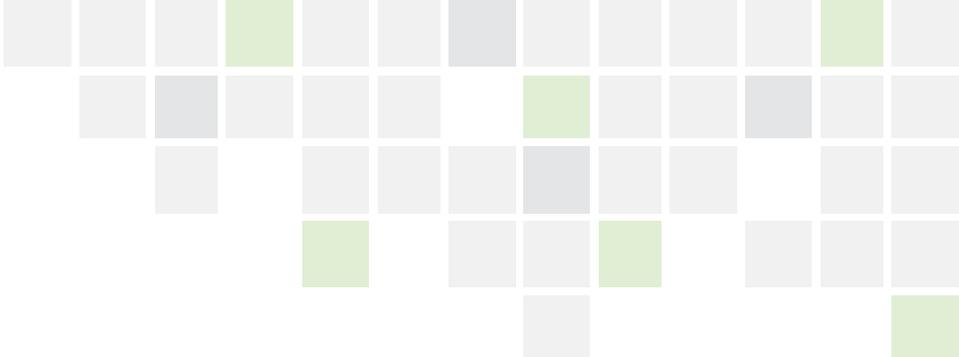
# Unlocking the ROI of **Process Management**





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## Introduction

Justifying the need for business process management can be a headache. As you take on the planning process, there are a number of things to consider:

1. What is the business case driving these changes?
2. Do you have the operational data to measure improvements?
3. What are the benefits?
4. What is the ROI (return on investment)?

One of the toughest things to consider is often the ROI.

### What is ROI?

ROI is the most commonly used profitability ratio. There are several ways to determine ROI, but the most frequently used method is to divide net profit by total assets. It's important to remember that ROI isn't necessarily the same as profit. ROI deals with the money you invest in the company and the return you get on that money based on the net profit of the business. Profit measures the performance of the business.

### What is process management?

Process management is an approach to making an organization's workflow more effective, efficient and capable of adapting to changing environments. It is a solution that automates the tasks, resources and internal operations that form the processes known as a "workflow." Process management uses software to link together all the elements of a workflow to increase the speed, visibility and coordination of how work gets completed.

According to a 2013 Gartner survey of CIOs, enterprises realize only 43 percent of technology's potential to impact their business, and these same CIOs ranked improving business processes as one of their top business priorities<sup>1</sup>.

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<sup>1</sup> <http://www.gartner.com/newsroom/id/2304615>

## Why is ROI for process management important?

ROI is the gain from a business operation divided by its cost. It measures how efficiently a business is using its resources. This is a great way to tell you what is working and what isn't, so that you can avoid any wasted resources. By using ROI for process management, you will be able to determine where and by how much your company is benefitting from the system.



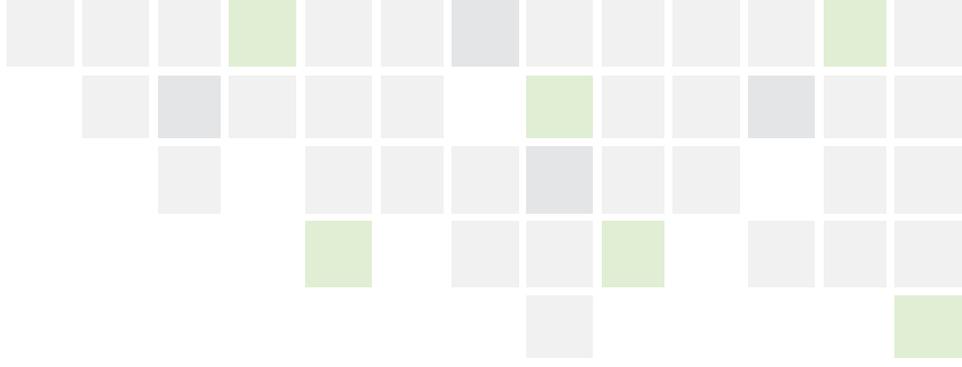
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## The cost savings of process management

Companies that look to improve internal operations by implementing a process management solution will start to see cost savings and benefits almost instantly. By automating your business processes and other internal functions, you can have an immediate financial impact on the business by:

- Reducing expenses
- Decreasing employee workloads
- Increasing employee productivity
- Improving management of inventory
- Lowering operating costs
- Increasing profits

Think of the old adage: Time is money. While business functions and internal processes are constantly in motion across any organization, they might not be as lean and efficient as management expects. Companies that invest in process management are likely to see their operations streamlined, while reducing costs across the organization. This ensures



operational consistency and the time to complete each process is shortened. For example, speeding up the time it takes to get a product to market will result in financial benefits.

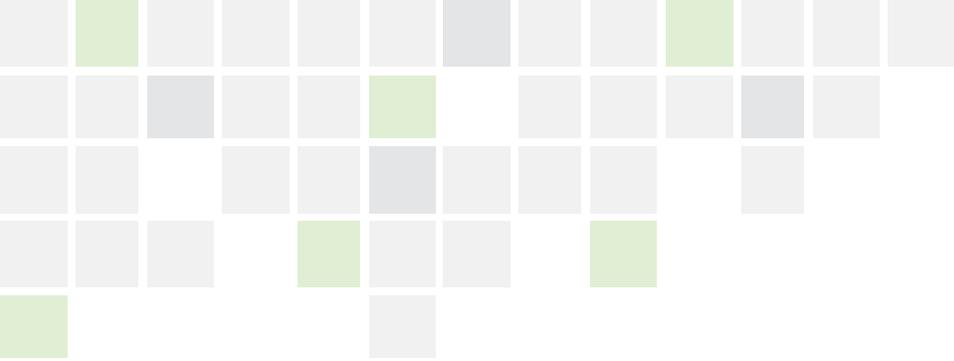
Managing business processes with automation tools enables organizations to achieve a substantial ROI by eliminating time-consuming, costly manual routines and by connecting people to the information and processes they need to drive revenue and cut costs.

### Non-financial benefits of process management

Today's operations professionals are under pressure to show clear ROI and to improve the company's bottom line, and a process management system can provide true and demonstrable cost savings. But when comparing the pros and cons of implementing a solution for managing operational workflows, it's also important to look beyond the upfront cost savings and consider the additional benefits. There are a number of concrete benefits outside of the initial money saved that will improve the company, and that, over time, will provide even more savings and intangible value.

With process management in place, your organization will also be able to more quickly and efficiently react to changes and leverage best practices in a repeatable way across the enterprise. By electronically capturing the expertise and knowledge of your employees, every employee becomes your best employee, giving

NON-FINANCIAL BENEFITS OF PROCESS MANAGEMENT	
✓	QUICKLY REACT TO CHANGE
✓	LEVERAGE BEST PRACTICES
✓	CAPTURE EXPERTISE AND KNOWLEDGE
✓	ORGANIZATIONAL TRANSPARENCY
✓	BETTER TIME MANAGEMENT
✓	REDUCED EMPLOYEE ATTRITION



you a truly sustainable advantage. Transparency across the organization will also increase, as reporting and metrics are embedded in the process.

By arming every employee with the tools and expertise needed to do their jobs effectively, companies empower their employees to work more independently, and they free up more of supervisors' time, allowing them to spend less time micromanaging and focus their attention in other places where they're needed. Empowering employees to work more independently also fosters a greater sense of creativity and idea sharing. This will ultimately lead to more productive and more satisfied workers, and because happy employees are less likely to leave their jobs, companies can also expect to see reduced employee attrition. This yields another cost savings for companies, which spend a great deal on finding, replacing and training new employees each year.

Over time, the benefits of a process management system will trickle down through an entire organization. As internal processes and communication are improved, communication with customers is also streamlined, and your rate of production is improved. Your customers will no doubt take notice of the improved processes and communication, ultimately leading to better retention and the potential for new business from word of mouth.

## ROI formula

Understanding that your goal is to build a business case to implement process automation, you now need to determine what a return on investment will look like for your organization.

Consider the types of actual figures you'll need to measure success:

- Employee hours per project
- Employee pay rate (average)
- Amount of time it takes to complete a project
- Number of people assigned to a project or task

Now, let's take a look at some of the usual ways companies save money with process management:

- More effective time management, project management, cost management, and resource allocation
- Improved forecasting
- Better vendor management
- Faster training of new hires
- Fewer process disputes
- Less time spent researching how to do things
- Less confusion between employees, teams, vendors, etc.
- Reduced skills training for all employees

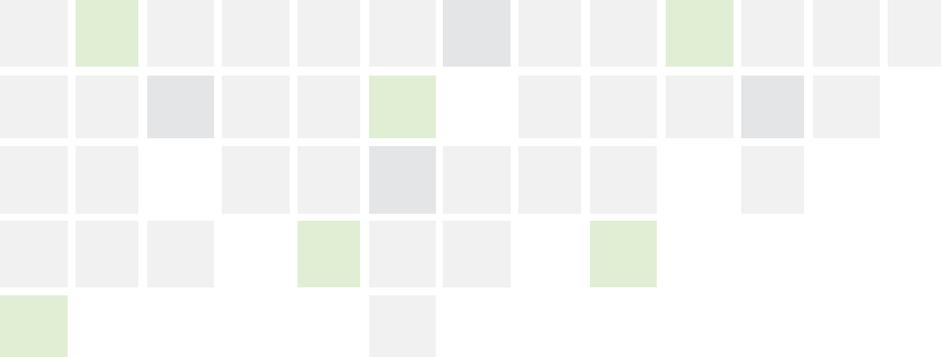
Consider a hypothetical scenario that is likely to occur in an organizational setting—a project will require the work of 20 people to plan for 6 weeks before they can start the project. On average, each person will waste about 15% of their time on ineffective time management, researching how to do the project and training other employees.

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Using a rate of \$20 per hour for the average knowledge worker who works 40 hours per week for the six weeks, the amount saved by using a standard process would be \$14,400. This figure (\$14,400) is your financial benefit of process improvement. Now, let's look at how many similar projects will be completed during the year. If you estimate that your company will have 12 similar projects each year, you can easily reach \$172,800 in one year.

$$(6 \text{ weeks} * 20 \text{ people} * 40 \text{ hours/week} * 15\% \text{ time savings}) \$20/\text{hr} = \$14,400$$



Now that we know the financial benefit of process improvement (or the financial amount saved), let's look at the ROI using the following formula:

$$12 \text{ similar Projects} * \$14,400 = \$172,800$$

(Financial Benefit of Process Improvement – Process Management Solution) / (Process Management Solution)

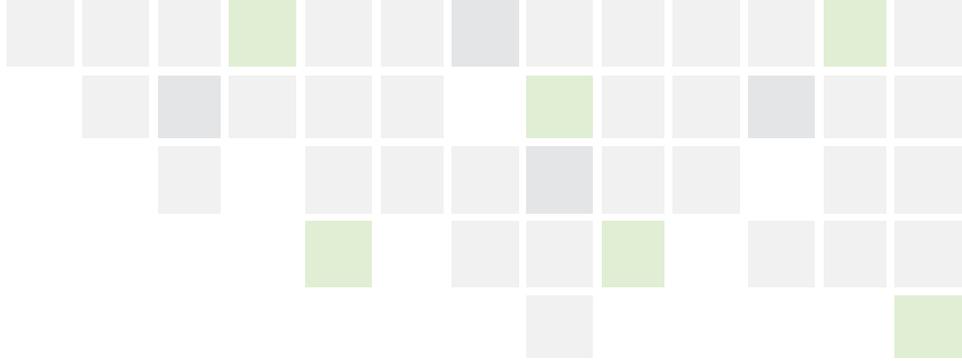
$$(\$172,800 - \$12,000) / \$12,000$$

The result will be returned as a percentage. Multiply by 100 to determine the percentage of investment gained.

The ROI is 1,340% of the original investment.

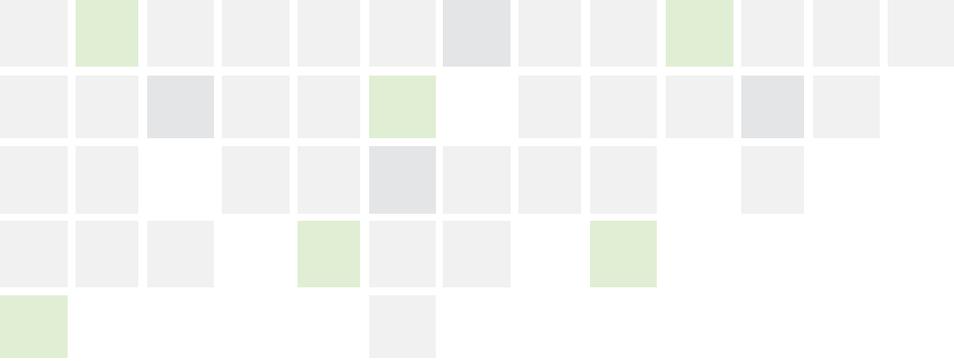
Successful companies have calculated the ROI of using process management software. We've included a few examples here so you can see not only the financial impact, but also how professionals like you are reporting these metrics to the purse-string holders in their organizations.

- [Cell Surgical Network](#) saved \$425,000 in the first year alone, as a result of replacing their former EMR software with a process management system.
- 325 hours were saved each quarter as a result of efficiencies gained from [DIRECTV's](#) process management application.
- 5-10 hours of work are saved per week, per team, across 12 regional distribution teams at a [Fortune 100 Auto Manufacturer as a result of their process management solution](#).

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- A [Fortune 500 Apparel Manufacturer](#) saves 80 manual data entry hours yearly per employee thanks to efficiencies from process management implementation.
  - There was a 25% increase in [Healthways'](#) screening business due to the implementation of process management. Healthways also experienced a 20% reduction in staffing.

## Summary

The benefits, financial and otherwise, of finding and implementing a process management solution will inevitably vary from business to business, so calculating and considering the potential benefits for your company is a crucial step. For most companies, the upfront cost savings are significant and the additional benefits not only relieve the stress of current operations, but also eventually lead to greater and greater cost savings as you improve processes, retain employees, become more competitive and ultimately grow your bottom line.



## About TrackVia

TrackVia is an online workflow software that helps businesses rapidly deploy their own Web or mobile applications to easily streamline data collection and manage operational processes—without the need for programming or IT support.

TrackVia's detailed dashboards and real-time reporting give you enhanced visibility into your operations, and its unrivaled mobile capabilities make it easy for employees to enter data, scan bar codes, geo-tag locations, check reports and collaborate on any iOS or Android device.

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