Executive Summary

- Processes (including the job title of the process owner) are documented in the BMS.

- A continuous improvement approach is taken at all times for our processes, i.e.;
  - Process owners monitor their processes through appropriate measurements.
  - Performance gaps and opportunities for improvement are identified through mechanisms that are both structured (e.g. reviews of process at least every two years) and ad hoc (e.g. Opportunities for Improvements, or “OFI’s”).
  - Based upon improvement potential (positive risk) and the negative risk inherent in the process, a graded level of resources is allocated to improving the outcome and/or efficiency of the process. The resources can include process improvement teams (PIT’s) for larger projects.
Process Management Framework

A  Approach  Page 6
D  Deployment  Page 20
R  Results  Page 22
I  Improvement  Page 26
The City of Melville’s approach to the management of its processes is outlined in this document. The strategy discusses the City’s approach to how we use innovation to create business improvements. It also outlines the methods for understanding and managing our core processes to ensure that they are focused on delivering consistent customer oriented products and services.

Supply chain management forms part of the strategy to ensure all inputs are of the required level to deliver quality outcomes. With this in mind supplier and partner relationships are developed so as to ensure the supplier becomes part of our operations.

The document is not meant to be a detailed document but more a guide to all staff to help learning and understanding of the approach we have chosen so as to ensure the City’s products and services meet or exceed customer requirements.

As Dr Edwards Deming stated, 90% of an organisation’s problems and waste are caused by the processes the organisation uses…that is the way we do work.

As management are responsible for the City of Melville’s processes, they are responsible for 90% of the organisations problems. This strategy outlines our approach to improving the organisation’s processes in a rigorous manner.
Integration of Process Management

Process Management is core to the way City of Melville operates. Our process management approach integrates with other strategic frameworks, notably:

- Continuous Improvement
- Corporate Planning and Strategy
- Customer Service
- Risk Management
Our organisation covers three major functions: Strategic Management, Process Management and Resource Management. These are bound together, coordinated, controlled and assured by a fourth part: our Business Management Framework.

We think about these four parts not to undertake them separately, but to ensure they are integrated with each other. Our processes must utilise our resources in an efficient and controlled way to effectively produce the deliverables required by our strategy.

**Strategic Management**
- determines what high level outcomes we need to achieve and why
- determines what we need to deliver to achieve these outcomes
- broadly outlines how we are going to produce those deliverables and what business models are needed to support them

**Process Management**
- encompasses the design, operation, measurement and improvement of the processes we need to produce products and services at best ratepayer value

**The Business Management Framework**
- defines and implements the controls that together assure the quality of our products and services
- provides a business infrastructure that can be independently assessed against international standards
- develops and stores procedures and work instructions about how processes are operated, controlled and monitored and how resources are acquired, used and managed
- monitors and reports progress and performance
- provides a framework for continuous improvement including targeting of improvement projects and channeling innovation
- provides protocols for suppliers so that they participate in the drive for quality
- provides support for our people to deliver the strategic objectives
- establishes accountability for performance

**Resource Management determines:**
- how we will organise ourselves
- how we will fund our work
- how we will best use our physical assets
- what information assets we require
There are four activities required to deliver consistent output (i.e., products and services) whilst factoring in continuous improvement.

**Process Identification**
- Identify and map processes
- Recognise which processes are most important, for example, for:
  - Evidence-driven strategic decision making
  - Customer service standards
  - Risk management
  - Statutory compliance
- Link process measures to the processes that drive performance and tests their usefulness and accuracy
- Link processes and strategies thus targeting strategically important processes for the improvement program

**Process Improvement and Innovation**
- Undertake process improvement projects driven by our Continuous Improvement System

**Process Management**
- Determine how process maps, procedures, work instructions etc will be managed as a body of corporate knowledge.
- Allocate responsibility for monitoring and improvement
- Monitor process performance against targets
- Assess performance gaps
- Establish improvement projects
- Manage the interfaces between processes

**Audits and reviews**
- Identify process-based causes of performance gaps.
- Assess the strength of management controls within processes – including control of variation of process outputs.
- Establish process improvement projects
Business Management System (BMS)

The City’s BMS forms the foundation for organisational process control. The BMS is more than a collection of documents, it is the way the organisation manages our process, from setting of direction, to measuring and reporting results of processes and improving processes. Our system meets the requirements of the International Standards for Quality, Safety and Environmental Management Systems. Additionally, the City is certified to the Customer Service Standards.

The goal of the BMS is the supply of consistent products and services, ultimately resulting in satisfied customers.

Our Business Management System allows the City to:

- Demonstrate its ability to consistently provide products and services that meets customer and regulatory requirements.
- Address customer satisfaction through the effective application of the system, including processes for continual improvement and the prevention of nonconformity of business processes.
- Identify an accountability structure throughout the organisation.
- Retain and maintain strategic organisational knowledge.
- Maintain consistency through audits and training staff.

Occupational Health and Safety Management Systems
Quality Management Systems
Environmental Management Systems

Certified Customer Service Organisation

Valid until 30/02/23
Ref. No. 5843
Why document our processes?

Understanding our processes greatly increases our capacity to improve and control performance, by:

- Obtaining consensus about the process is, who undertakes each activity and accountability for performance.
- Ensuring we have a consistent approach that delivers consistent outputs.
- Clarifying the deliverables that will create the planned outcomes.
- Demonstrating how we work, thus providing the means to change how we work when we need to improve performance.
- Challenging the status quo.
- Encouraging improvements by making the logic of what we do continually visible to all.
- Minimising rework and reducing cost.
- Improving efficiency and effectiveness.
- Capturing and retaining the knowledge of how we work, so that we do not lose this knowledge when staff move on.
- Helping us to identify what resources we need to operate the process and what controls we need to ensure the process is compliant.
- Providing assurance to stakeholders that we are managing the business and our resources well.
- Allowing us to compare what we do with others (benchmarking) and learn from them where we can.
- Allowing us to invite independent assessors to certify that our processes will deliver consistently.
- Focusing attention on delivering value to the customer.
- Providing a framework for performance measurement.
- Providing a framework for change-control.

Understanding and documenting our processes can assist in answering the these questions

- What does it cost?
- How long does it take?
- Who does each activity?
- What are the results?
- Does the way we do it suit the customer?
- How well do we do it?
- What is the variability in the results?
- How much ‘hassle’ is it?
- How do we control the quality?
- How can we eliminate non-value-added activities?
- How should we measure performance?
- How is value-for-money assessed?
- Are there any outcomes that we are not addressing?
- How can we reduce the resource cost?
- What and where are the risks?
- Does this process need to coordinate with others?
- Who is accountable for this process?
- Who is responsible for improving the process?
- Do we have the right resources?
- Do we have the right skills?
- Is systems support adequate?
- What are the opportunities?
- Does anyone else do this better than us?
- Can we learn from anyone else?
The difference in Local Government and the private industry business models.

There is an important distinction to be made as the business model that an organisation operates under is essentially its highest level of process map.

**The private sector:**
Creates assets to earn revenue to create profit and/or equity for shareholders

- Assets
- Revenue
- Profit / Equity

**Local Government:**
Raises revenue to create assets to provide services to enhance community wellbeing.
The below is therefore the City of Melville’s highest process level (“level 0”)

- Revenue
- Assets
- Services
- Community Wellbeing
Process levels

Process maps are constructed at various levels of detail, depending upon the purpose for which a map is being used. Level 0 shows the highest level for the organisation and each level from there shows an increasingly greater level of detail.

Process maps are retained within the BMS and are reviewed no less than 2 yearly. (Process map diagrams are often contained in the relevant procedure or work instruction).
The previous slide showed our ‘Level 0’ process map, which covers all of the City’s processes.

The below graphic still shows all our processes, however at ‘Level 1’ (which is still at high level and so each Level 1 process below encompasses more detailed sub-processes)
The below graphic demonstrates how a Level 1 process from the previous slide, Public Health, is broken in more detailed sub-processes, which are our ‘Level 2’ processes.

- Food safety assessment processes
- Aquatic facilities safety processes
- Residential waste processes
- Health promotion processes
- Active reserves booking and allocation processes
The previous slide showed our ‘Level 3’ process.

The below graphic illustrates our most detailed level, which is ‘level 4’, which when in a written documentation is at work instruction level. Using one process from the previous slide, ‘Food Safety Assessment’, processes can be broken down into: work instructions and/or process maps to schedule food safety assessments plus work instruction/process map to enter the assessment details in Pathway and issue certificates to cafes/restaurants.

The four slides which have illustrated our processes from Level 0 to Level 4 have demonstrated the vertical linkages between our process documentation from high level with not much detail (level 0) to low level and detailed sub-process documentation (level 4).

At the same time, these four slides have demonstrated how processes - to raise revenue, create assets and deliver services - are linked horizontally. Understanding how processes relate horizontally is vital to understanding what is called the ‘end-to-end’ process (ie raise revenue through to the ultimate outcome of the process, community wellbeing). To ensure a process operates at its maximum efficiency and effectiveness, the organisation cannot improve one process in isolation (for example a create assets process), without understanding the impact upon related processes (ie in the example, the ‘raise revenue’ or ‘deliver services’ processes).
Process Documentation and Mapping

The City’s process documentation and mapping approach ensures that core business processes are identified, mapped, allocated to a responsible officer, monitored, assessed, controlled and linked to the strategic plan to ensure our products and services are valued by our customers and other stakeholders. The process management approach undertaken by the City serves the following objectives:

**Process Identification**
- Develops an accountability structure for strategic goals achievement.
- Designs processes for emerging functions e.g: sustainability.

**Process Improvement and Innovation**
- Identifies opportunities for improving the way work is done and reduces waste.
- Streamlines processes and achieves economies of scale by using standardised processes across function where possible and reduces duplication.

**Process Management**
- Recognises and develops consensus on major business processes.
- Identifies and implements a comprehensive set of in process performance measures.
- Acts as a basis for process control in the Business Management System using recognised standards; (ISO 9001, ISO 14001 & AS/NZ 4001)

**Audit and Review**
- Provides a structured assessment of major processes.
- Ensures assessments and process reviews are undertaken annually.
Quality of Products and Services

The City’s approach to determining the organisations in-process and quality indicators for our products and services is through the process mapping methodology and the two-yearly reviews of processes. The allows each directorate responsible for core processes to identify major processes and determine the best in-process measures so their performance can be monitored and managed through the cause and effect charting and performance reporting.

There are many types of measures, as shown in the diagram on the right.

We regularly review through our BMS Management Review meeting what we need to monitor and therefore measure, based on the importance to achieving our goals and risk management. In consultation with the Executive Team, each Directorate determines Key Performance Indicator (KPI) targets against required standards of service and customer requirements.

The monitoring of performance also allows the organisation to understand process capability.

In addition to this, comparisons between Local Governments and other industries are conducted where possible. This benchmarking is carried out to identify process improvement opportunities.

Types of measures / indicators
Managing Process Improvement

Measuring performance and acting on it focuses the organisation’s energy on the achievement of strategic goals.

For further information on this, refer to the Corporate Planning Strategy Framework on the BMS.
External Suppliers and Partner Relationships

The City has a range of approaches to manage relationships with our suppliers and business partners in line with our Stakeholder Relationships continuum. We use the continuum to understand and apply appropriate approaches; from purely transactional (on the left) to transformational (on the right). This ensures that;

- Suppliers are selected and managed so as to add value to the City and its operations.
- Partners with shared goals are identified and agreements established so as to collaboratively and collectively benefit the City.

Types of relationships between City of Melville with suppliers and business partners

- **Simple transaction**
  - Simple exchange of good/service for agreed price, using:
    - Tenders and contracts
    - Standing orders
    - Preferred supplier lists

- **Manage**
  - Stakeholder Management for:
    - more complex tenders/contracts; or
    - complex outcomes; or
    - areas with significant impact upon the City’s strategic outcomes

- **Partner**
  - Memorandum of Understanding
  - Alliance

- **Empower**
  - Provide funds & autonomy within boundaries e.g. Community grant

Increasing potential for impact on the strategic goals of the City or contribute to innovating the City’s processes.

Increasingly, components of Engagement may be required / beneficial.
Process Management Framework

A - Approach

D - Deployment

R - Results

I - Improvement
Deployment

**2009 - 2010**

- **Process Identification**
  - Develop classification of processes
  - Develop listing of processes and classify

- **Process Improvement**
  - Develop agreed upon procedures and work instructions where none / multiple versions

- **Process Mgmt**
  - Determine process management approach
  - Develop structure and format for procedures, work instructions and process maps
  - Decide mapping and process document retention technology
  - Develop agreed upon procedures and work instructions where none / multiple versions

- **Process Audit and Review**
  - Collate and audit existing process maps and procedures & assess usefulness of existing material
  - Undertake external audit for ISO 9001, ISO 14001 and AS/NZ 4001

**2011 - 2012**

- **Process Improvement**
  - Develop preliminary process improvement program
  - Develop process improvement training
  - Commence Process Improvement Team (PIT) projects

- **Process Mgmt**
  - Link existing performance measures to processes
  - Link existing strategies to processes
  - Determine organisational arrangements for map administration
  - Train process coaches
  - Develop high level cause and effect chart and report results to all staff

- **Process Audit and Review**
  - Preliminary process evaluation and issues identification
  - Train team of internal auditors, including lead auditors in ISO 9001, ISO 14001 and AS/NZ 4001
  - Commence program of internal audits

**2013 - 2014**

- **Process Identification**
  - Further identify links between processes to understand and allocate ownership of end-to-end processes

- **Process Improvement**
  - Continue to deliver process improvement and statistics training to staff
  - Refine process for assessment and recording of supplier performance
  - Improve identification of stakeholder issues through strengthening Stakeholder Management process (SEAP panel)

- **Process Mgmt**
  - Develop cause and effect charts and Directorate and service area level
  - Develop control charts for KPIs listed in high level cause and effect chart

- **Process Audit and Review**
  - Continue to benchmark the KPIs listed in the high level cause and effect chart
Process Management Framework

A | Approach

D | Deployment

R | Results

I | Improvement
We assess the effectiveness of our Process Management System by:

**Qualitative measures**
- Reviewing Opportunities for Improvement (OFI’s), Innovations, CIT’s and PIT’s: Assesses how innovative our culture is.
- Reviewing internal and external audit actions: Measure of the system acceptability and conformity.
- Results of process map reviews and assessments:- Assesses how well our organisational processes match competitors.

**Quantitative measures**

**Progress indicators**
- % KPI’s in organisational cause and effect chart that are meeting target
- % of internal audits completed
- Number of staff completed statistics training
- Number of staff completed process improvement training

**Outcome indicators**
- External accreditation of the Business Management System to ISO 9001, IOS 14001 & AS/NZ 4801
- Results of the Organisational Self Assessment against the process category of the Australian Business Excellence Framework
- Measurable improvements deriving from process improvement projects (e.g. reduced cost, waste, time)
- Improved customer satisfaction with nominated processes (via Community and Business Perceptions Surveys)
- Process maturity assessment (see next page)
Process maturity

Most organisations have a process maturity between the levels of 2 and 3. The City of Melville is around level 4, however our goal is to operate at level 5.

Moving from level 4 to 5 requires continued movement from the traditional functional (service area/Directorate) perspective to a cross-functional, process perspective. This requires strong understanding of, and responsibility for, the end-to-end processes for our major processes, from raise revenue to create assets to deliver service.

**Level 1**
No organised processes

Processes improvements typically initiated externally eg from a change in regulations.

**Level 2**
Some organised processes

Processes are improved at the service area / Directorate level.

**Level 3**
Most processes organised

The organisation moves beyond specific processes and seeks to create an organisational-wide view of how all the processes in the organisation work to produce value for customers and stakeholders.

A process architecture is developed, with active participation and sustained support from senior management.

**Level 4**
Processes are managed

These organisations typically have a centre of excellence, with a lead process advocate in the organisation. The process architecture is extended into an organisational-wide process measurement and management systems, which eventually moves into a governance system that assigns managers responsibility for each major process in the architecture.

**Level 5**
Processes are continually improved

Employees are empowered and trained in process improvement; process teams continuously improve processes. The process manager shifts from being responsible for the process to being a coach of a team that takes responsibility for the process.
Process evaluation (including customer focus evaluation) - Assess fitness-for-purpose current processes based on current knowledge. Target processes for improvement based on strategic priorities and value-for-money.

Process clarification and standardisation - Identify opportunities for simplification through standardisation on processes across functional groups.

Process improvement through redesign - Undertake formal process improvement projects that can change the process design as well as the supporting requirements for systems, skills, staff, procedures and so on.

Performance measurement - Develop performance measures for the outputs, outcomes, inputs and activities and reinforce the performance measures structure and reporting in Interplan.

Strategy linking - Use the strategy hierarchy in Interplan to link critical strategies with processes to identify the need for process change.

Policies, procedures and work instruction development - Complete the Business Management System by ensuring that work processes are defined to the documentation level required to add value to the business.

Controls and compliance assessment - Identify the critical controls that impact on performance and compliance and ensure they are fully implemented and supported.

Internal audit - Include process controls assessments in the internal audit plan to obtain an independent assessment of higher-risk processes.

Organisational alignment - Assess accountability for performance – whether it is clearly assigned, whether it can be effectively actioned given responsibilities for activities, whether it links to strategic objectives.

Knowledge base - Assess Use the process maps as instructional and training tools for staff. Extend the induction of new staff to include tutorials on relevant City of Melville processes to their role.

Supplier partnering - Identify opportunities for improving the interfaces between our processes and those of our suppliers and customers.

Service costing - Assign costs to activities in service processes to calculate, benchmark and assess service costs.

Management information review - Assign costs to activities in service processes to calculate, benchmark and assess service costs.

Accreditation - Seek external review and accreditation of the Business Management System.

How Process Management Builds our Capacity for Improvement
If we document and map processes, what can we do then?
Management and Improvement of Process

The diagram shows the structured approach by which the City manages and improves its processes in order to achieve organisational efficiency and effectiveness. The City has four main approaches which make up the system:

1. **Process documentation and mapping**
   - to identify and build an accountability structure, utilising:
     - Process documentation
     - Corporate Plan
     - Performance contracts & Position Descriptions
     - Service Area Business Plans
     - Personal Development Plans

2. **Continuous Improvement System**
   - for the identification of opportunities for improvement and methodologies for improvement, via:
     - Use of the 9-step process improvement methodology
     - Continuous Improvement Teams (CIT’s)
     - Process Improvement Teams (PIT’s)
     - Opportunities for Improvement (OFI’s)
     - capturing & responding to customer suggestions
     - recognising and learning from best practice (through benchmarking, award applications and keeping professionally current)

3. **The Business Management System (BMS)** for the control of organisational processes (note that our processes are aligned to standards: ISO 9001, IOS 14001 & AS/NZ 4801), using:
   - Performance Reporting at all levels
   - BMS Mgmt Review meetings

4. **Organisational Self Assessments and Audits** to identify opportunities for improvement and assessment of improvement progress overall, via:
   - Internal audits
   - Independent 3rd party audits
   - customer surveys
Planning for Improvement

- The measures of our Process Management will be monitored by the Executive Management Team and action taken to rectify significant variations from the plan.