

# **White Paper: The Promise of Workflow Automation**

*An Efficient Technology Inc White Paper  
July 2010*



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## FOREWORD

This white paper discusses the concepts and methods of enterprise workflow automation employed by organizations in order to achieve efficiency, process structure and policy enforcement.

## INTRODUCTION

As organizations grow natural levels of ineffectiveness and inefficiencies begin to stall production, and operational capacity stagnates or decreases. In response, organizational managers look inward to determine ways to make processes more efficient and to increase production capacity. Ultimately, all long-term successful companies employ some form of automation for their workflow. However, as many managers discover, creating workflow automation is a skill few have fully developed or acquired and their efforts to achieve efficiency fall short of their promised goals.

Efficient Technology Inc (ETI), which is specifically skilled in designing, delivering and servicing enterprise workflow automation solutions for Fortune 500 companies, presents this paper as a discussion around the benefits, failure points and principals for achieving automation. This paper does not intend to promote ETI's products but rather to discuss the methods, concepts and options available for realizing the promise of workflow automation.

## ***Assumptions***

Readers of this white paper should have a basic understanding of workflow (a sequence of connected steps in a business process) and the current results of their processes. The technology concepts discussed in this paper do not require a technology background and should appeal to any and all readers.

## HOW WORKFLOWS EVOLVE

Automating processes is the product of the industrial revolution with its roots back to the Dewey Decimal System of organization (developed by Melvil Dewey in 1876) and the Gantt Chart (popularized by Henry Gantt in 1910). In the early 1900's "scientific management" was developed by Fredrick Winslow Taylor who applied his mechanical engineering skills towards the improvement of industrial efficiency and becoming one of the first management consultants to assist companies in improving their processes.

The need to create effective workflow management is an expected step for all growing enterprises seeking to lower costs and increase capacity as demand increases or when capacities are reached. Most processes start with a set of manual steps performed by human labor with some set of tools. Today's modern offices workers will often find basic computer-based tools to assist in performing the steps of the process (e.g. databases, spreadsheets, task lists, etc).

When a process is performed manually:

- Labor costs are the highest,
- Operating capacities are the lowest,
- Processing speed is the slowest, and
- Error rates are the highest.

Companies seeking to improve upon any of these factors begin by looking at their process steps and seeking ways to make them faster.

### **First Steps Of Automation**

In most organizations improving a process is typically done incrementally for one task or tool at a time. A common, simplistic approach to automation is to buy a tool and attempt to force user adoption. Unfortunately, buying a tool without planning the overall process flow and recognizing the skill level of the worker results in small advances or failure. Technology is not a cure; it is part of a process design.

#### **Example: Applying Technology Without A Process Design**

Upgrading a sales team to the newest cell phone may promise to make their jobs easier for any number of reasons (e.g. a mobile application will help them manage their travel expenses faster so they can spend more time selling). However, in practice, most cell phone applications are like all other technologies and are only used within the context of a specific and enforceable process step. When an organization designs a process that can be more effective and/or efficient for remote users who have a mobile application, then the technology becomes relevant and will enjoy the highest rate of adoption.

The result of process improvements performed incrementally is a process that is cobbled together with disparate tools, people and skills that ultimately breakdown. To evolve beyond this level of operations an organization must look to a more comprehensive approach to improvement. This is called enterprise workflow automation.

## BENEFITS OF WORKFLOW AUTOMATION

A well-implemented process design delivers significant results to any organization including:

- 95% reduction in errors
- 60% real-dollar savings
- Eliminate or reduce labor
- Improve cash flow and profitability

A typical manually-operated process includes processing paperwork. Paper forms and applications are the workhorse of data collection processes (consider registering a car at the department of motor vehicles, or visiting a doctor, or applying for life insurance). Paper is the first tool employed in most processes because it is inexpensive and the labor of filling out the form appears free because it is borne by the customer. After the form is filled out the operations team must hand-enter the data into a computer system. Manually processing paperwork has many points of failure including shipping, handling, and data entry.

### Reducing Errors

The number one cause of errors is human interaction with a poorly designed system. When paper forms are used within a poorly designed system the process becomes very hard to improve upon without eliminating the paper-based forms. For example, a paper form cannot remind the user to complete required fields before turning in the paper, but an electronic form can. A manual process cannot self-regulate the process' rules, but an automated process can. A manager cannot ask an employee to operate above and beyond the process design so **an automated system is one of the few ways to enable improvement without enhancing the employee's skills.**

A simple way to determine when to automate is to separate tasks into two categories: those that are repetitive and rules-based vs. those that require intelligent or creative decisions. All tasks that are repetitive and can be run by rules can be automated by computer systems and business rules management, and errors can be reduced by 95% or more. The remaining 5% or less of errors that occur are the result of process conditions that have not been defined or handled within the main process.

### Real-Dollar Savings

The Gartner Group, a well-recognized research organization, has determined that for **every dollar spent producing a paper form, \$30 to \$60 is actually spent** manually processing those forms. To calculate these numbers, Gartner Group looked at the cost of handling, shipping, re-keying

data, rejecting transactions, misplacing documents and routing information. A well-implemented enterprise workflow automation system could eliminate handling, shipping, re-keying, rejections, misplacing paper and routing information. Virtually all of the costs related to paper handling can be eliminated, resulting in real-dollar savings.

## **Eliminate Labor**

Labor is the primary component of every manual process. By examining the rules and tasks of a process it is possible to **eliminate labor by using computer-based systems**. A workflow solution will incorporate business rules management that applies the rules according to conditions passed into the system. Business rules processing eliminates the need for human factors to measure and judge the rules, leaving the labor pool to handle more important needs (e.g. exception processing, customer service, etc.).

## **Improved Cashflow and Profitability**

The classic sales process culminates in handing the customer a lengthy paper document to read, fill out and sign. Customers often delay completing these contracts by days or weeks. Eliminating paper forms and providing digital signatures, agreements can be prefilled, submitted, processed and signed digitally within minutes during the same client meeting. **Automated sales processes can result in 99% faster revenue recognition.**

## **POINTS OF FAILURE WHEN IMPLEMENTING AUTOMATION**

Implementing workflow automation is similar to building a new home. If you wanted to build a new home would you go to the hardware store, buy hammer, nails and wood and begin building your home tomorrow? Of course not – you'd hire a skilled developer. Workflow automation, like building a house, requires a thorough analysis of the process' steps, skills and tools, and a skilled developer. Most companies have either been promised or promised themselves the benefits of workflow automation only to fail. The primary points of failure are:

- Insufficient or inappropriate tools
- Lack of workflow automation skills
- Negative return on investment (ROI)

## **Insufficient Tools**

Companies that attempt to build their own workflow tools are often overwhelmed by the amount of effort actually required to design, build and maintain a workflow automation system. Internally-run initiatives are often over-budget and delayed by months or even years with little value being delivered.

Successful workflow automation systems require a minimum of the following capabilities:

- **Process Design Tool** – used to map out the optimal process flow
- **Workflow Management** – to design and manage the workflow steps
- **“Wizard” or User Experience Designer** – to build and manage the user interfaces
- **Business Rules Management** – a system that manages and employs rules to make decisions during processing
- **User Security** – a method to manage users and their rights in the process
- **Document Handling** – forms automation and document routing
- **Knowledge Base** – built-in, self-service database of knowledge to train and support end-users
- **Notifications** – system should be able to send messages to users
- **System Integration** – ability to share data with other systems

### **Lack of Workflow Automation Skills**

An assumption that many process owners make is to assume that all technology decisions or implementations should belong to the organization’s IT team. While the traditional IT team is technically savvy and should be involved in supporting new technology initiatives, corporate technology teams are not necessarily trained in implementing workflow automation solutions or building tools. Most organizations lack the requisite skills to design, build, configure and- deploy an effective workflow system.

**The team or organization you select to implement your workflow should be well-versed in process design, process analysis, implementing workflow technology and, most importantly, customer service to your team of users.** Every technology initiative requires users to change their behavior, and for the newly implemented system to evolve over time. The right service provider will be attentive to both the needs of users and evolving workflow needs.

### **Negative ROI**

Determining whether a process should be automated should compare the cost of implementing the solution to the cost-savings and revenue enhancements that result from the new process.

#### **Example:**

A sales organization with 1,000 sales reps produces four new accounts per month. Filling out paperwork takes up to 243 hours per year and

45% of all new account paperwork is rejected. With labor and errors alone, the current process costs the organization \$7.70M per year.

With automation the error rejection rate drops to 5% or less and the labor to 54 hours, **resulting in a new cost of only \$1.53M per year – 80% savings.**

Over 60% of all IT projects end in failure. These initiatives end up costing more than expected, taking longer to implement than planned and/or lacking end-user adoption. In the above example, if the implementation costs \$1M per year, then the project has a savings of \$5.17M per year. However, if the project achieves less than 25% adoption (or costs go up or rejections continue to persist, etc.) then the project could fail to achieve the expected return on investment.

## **HOW TO REALIZE THE PROMISE OF WORKFLOW AUTOMATION**

In a survey of 800 IT managers (CIO.com) 62% of IT projects fail. This is due to budget overruns, higher-than-expected maintenance costs and lack of delivering ROI. All of these failures are also promises made by the manager of the initiative. These initiatives need not fail for these reasons.

The success of workflow automation comes down to three key factors:

1. Implementation Expertise
2. Ongoing Management
3. End-User Adoption

In the analogy of building a house, workflow automation solutions require skilled developers and knowledgeable professionals to implement a winning solution. Attempting to build or implement a solution with seemingly inexpensive tools often results in poor implementation, costly ongoing management and lackluster end-user adoption.

The right automation partner will bring a wealth of experience, an unmatched and appropriate toolset, and a customer-focused service approach. Then that partner will work with your specific rules, processes and users to design a solution that will ensure end-user adoption. Ensuring end-user adoption requires that the end-users derive direct value from the solution (e.g. a faster process, more closed sales, career evolvment, etc.).

Finally, the solution you implement needs to be an enterprise-level solution that is extensible, straight-forward to integrate with your legacy and future systems, and easy to maintain. Plan your maintenance costs to include future enhancements, tweaks and end-user demands as the system is adopted. Systems are not perfect but can become optimal when the system is easy to maintain and extend over time.

## ABOUT EFFICIENT TECHNOLOGY INC

Efficient Technology, Inc. (ETI) provides enterprise forms-based workflow automation solutions that accommodate dynamically changing business rules, forms and workflow. ETI is the developer of Quik!, the industry-leading forms management and forms-enablement solution. By improving business processes, increasing efficiency and saving time Efficient Technology Inc delivers on the promise of workflow automation. With over 60,000 end-users ETI's customers range from Fortune 500 companies to small businesses. Efficient Technology Inc is proud to be a carbon-negative company saving over 1,000 trees each year. Visit [www.EfficientTech.com](http://www.EfficientTech.com)

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Richard Walker is the CEO, CTO and co-founder of Efficient Technology Inc. Richard also spent three years as a registered securities representative with Financial Network Investment Corp. Prior to starting Efficient Technology Inc, Richard was a senior consultant with Arthur Andersen's Business Consulting unit, implementing large enterprise technology solutions for Fortune 500 companies. With over 10 years experience in financial services, Richard has worked in various capacities at: Transamerica, PaineWebber, John Hancock and Donaldson, Lufkin and Jenrette. Richard's unique combination of financial service experience, technology product development and leadership drives ETI's excellence in developing technology solutions. Richard earned his B.S. degree in Business Administration – Finance from University of Southern California. Richard has been a keynote speaker at USC, Financial Planning Association and numerous industry conferences, and is the author of the [www.EfficientCEO.com](http://www.EfficientCEO.com) blog and many articles.



*Realize the Promise of Workflow Automation*

**White Paper: Achieving The Paperless Office**

**August 2009**

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