

Elevations Credit Union Case Study

HOW ORGANIZATIONS ARE USING APQC'S PROCESS
CLASSIFICATION FRAMEWORK (PCF)

Interview conducted on February 12, 2014

Carla Wolfe
Senior Business Analyst
Elevations Credit Union



“The PCF and the subsequent process transformation fundamentally changed who we are. It rewired us. It changed our DNA. We are now better at everything we do.”

—Carla Wolfe, Senior Business Analyst

Organizational Background

Elevations Credit Union is one of the largest credit unions in Colorado. Founded in 1952, it has experienced tremendous growth in the last few years.

- ▶ Between 2009 and 2012: assets under management climbed 37 percent, from \$937 million to \$1.3 billion;
- ▶ total deposits ascended 34 percent, from \$856 million to \$1.1 billion;
- ▶ total members increased by 23 percent, from just over 80,000 members to almost 100,000.

The growth is attributable to a number of efforts, most notably the process improvements spearheaded by CEO Gerry Agnes.

Striving for Performance Improvement

In 2008, the then-newly hired CEO sought ways to make Elevations Credit Union transform into a more efficient organization. At the time, “we had no structured business models,” says Carla Wolfe, Elevations’ senior business analyst. Employees had worked at the credit union for years and most of the knowledge was tribal. “To solve [daily] problems, folks would move from one desk to another. We got our work done as a result of random acts of goodwill.”

Seeing opportunities for growth, and concerned that the ad hoc patchwork approach to process would limit that potential, Agnes determined that Elevations had a “big, hairy, audacious goal” (BHAG) to adopt the [Baldrige Criteria for Performance Excellence](#) and win the Baldrige Award.

The Baldrige Program, established in 1987 with the help of APQC founder Jack Grayson, helps organizations assess and improve their overall performance management efforts. The Baldrige Program seeks to identify organizations whose processes can serve as role models for others. As a foundational step in adopting a process mindset, Elevations was exposed to APQC’s Process Classification Framework.

WHAT IS THE PROCESS CLASSIFICATION FRAMEWORK?

[The PCF](#) is a list of activities organizations use to articulate work processes. By using a common language to define all the tasks inside of an organization, the framework standardizes an approach to a number of crucial needs, such as: process management, benchmarking and content management.

Without such a pre-defined list, multiple business units within a single organization could have duplicative interpretations of even the most basic processes, such as invoicing. Redundancies lead to varying definitions for the underlying measures, such as "inventory management." This, in turn, can undermine any ability to manage a process consistently across an enterprise.

"Despite a couple decades in consulting, I had no exposure to the PCF. But when I saw it, it blew my socks off," Wolfe says. "I was simultaneously being introduced to the Baldrige model and it was a combined power punch. Baldrige is all about identifying what your key process are, as well as how you implement and integrate it. And that's what the PCF is built on."

The combination of the Baldrige and the PCF opened employees' eyes to what was missing at the credit union. The existing procedures lacked ownership and governance and most of the way the organization did business was based on employee knowledge and emails. "We had outgrown what we had," says Wolfe, "but didn't recognize how big the gaps were."

Wolfe and the enterprise performance group at Elevations Credit Union engaged in a five year process journey (Figure 1) to address the lack of process and embed a process oriented culture within the organization.

Elevations Credit Unions Five-Year Process Journey

	Year One (2009)	Year Two (2010)	Year Three (2011)	Year Four (2012)	Year Five (2013)
	Building an Initial Enterprise Process Map	Establishing Consistency Across the Organization	Connecting the Dots to Foster Adoption	Providing Transparency on Process Improvement	Making it Stick
Key Milestones /Objectives	<ul style="list-style-type: none"> Develop an initial Enterprise Process Map Build awareness of the value of standardized processes 	<ul style="list-style-type: none"> Provide the tools and resources for core teams to conduct process development 	<ul style="list-style-type: none"> Process breakthroughs Cross-functional process development 	<ul style="list-style-type: none"> Expanding process across organization Began seeing performance improvements 	<ul style="list-style-type: none"> Process-minded culture that breeds innovation
Key Activities:	<ul style="list-style-type: none"> Baseline current processes Build process group-level framework Develop subsequent levels of framework 	<ul style="list-style-type: none"> Develop and introduce tracking tool Create training and a handbook on business process management 	<ul style="list-style-type: none"> Implementation of a more robust tracking tool Provide opportunities for more employees to become involved 	<ul style="list-style-type: none"> Publically celebrating wins Identifying and leveraging change agents 	<ul style="list-style-type: none"> Identify process improvement opportunities Implement enterprise-wide dashboards Standardize operating rules Identify process experts in each functional area of the business (Special Forces)

Figure 1

YEAR ONE: DEVELOP AN INITIAL ENTERPRISE PROCESS MAP FRAMEWORK

To initiate its journey, Wolfe and the enterprise performance group needed to understand the current state of Elevations processes and documentation, identify the gaps, and start developing a plan.

Creating a Process Baseline

To better understand the current state of Elevations Credit Union’s processes and documentation, Wolfe took each task and activity within APQC’s Banking PCF and turned it into a survey, asking employees to state whether the activity or task is performed and, where applicable, if documentation exists. Wolfe stressed the importance of keeping the survey simple and engaging, so she combined a simple rating system (Figure 2) with function-specific lists of processes.

Survey Process Rating System

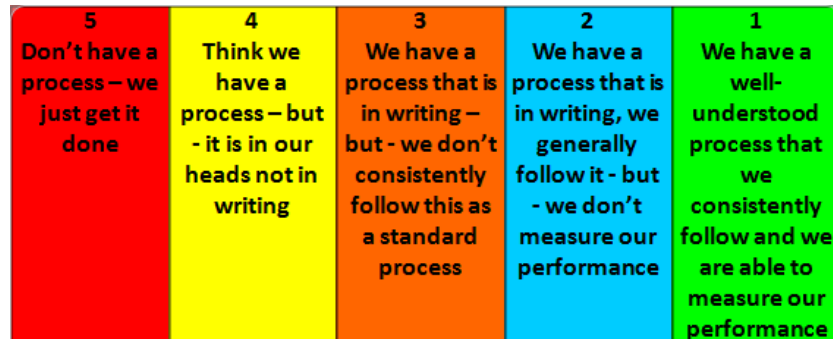


Figure 2

The survey uncovered that 86 percent of the organization did not have, or could not readily document, basic processes. “Only payroll scored a one,” says Wolfe. “We started with a deep hole.”

Establishing a Process Group-Level Framework

Common practice states that, when conducting an enterprise-wide change, one should start simple and only prioritize a few activities for improvement. Elevations Credit Union did not have the luxury of taking several years to build its process infrastructure. Hence it didn't have the time to build all of its process from the ground up and used the findings of the survey to identify what elements of the Banking PCF would become the organization's initial process group-level framework.

Simply having a process framework isn't enough; getting employees to really embrace the change is crucial. To begin establishing employee buy-in, Wolfe used a series of workshops, for each process groups, to document the flow of processes. She enlarged the PCF sections until they were wall-sized and used post-it notes to identify the “state” of each process (illustrated in Figure 3) based on the survey results. The color of the post-it notes corresponded to the rating system in Figure 2, so employees could see the process gaps.

Survey Results and the Enterprise Process Map

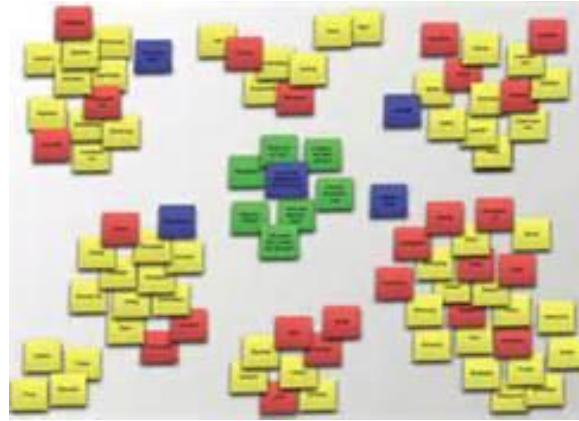


Figure 3

Through facilitated sessions, process owners and key process stakeholders used customer-based scenarios to connect sub-processes across the enterprise. Sometimes, an actual string was used to trace the linking sub-processes. For example, how the credit union attracts a new member. Marketing might send a coupon to a member prospect; customer service would welcome him into the facility, and then hand him off to a teller to assist in opening an account, and so on.

This exercise accomplished three things. First it pinpointed which process-groups were intrinsic to the customer value and which ones were the least developed; providing information for future process development prioritization. Second it created an initial framework for the Enterprise Process Map. Finally, it helped the organization realize how all the processes were linked and gain understanding one group's outputs are another's inputs.

Building the Processes

Once employees understood how everyone, in every process, was connected, the core process teams began building SIPOCs—a technique that requires the identification of all of the suppliers, inputs, processes, outputs, and customers for each task. SIPOCs crystalized the idea that “my outputs are someone else's inputs and vice versa,” said Wolfe. SIPOC is now a requirement for the process development efforts and is essential for process stakeholder engagement because it:

- ▶ links processes across the enterprise process map, and
- ▶ provides initial orientation for building processes and training for employees.

YEAR TWO: ESTABLISHING CONSISTENCY ACROSS THE ORGANIZATION

By year two Wolfe and the enterprise performance group had to shift from driving the business process development to governing the approach. This meant they had to build the tools and support materials the rest of the organization and the core process teams would need to take ownership of further development and documentation efforts.

Establishing a Standardized Tool

First Wolfe and her team entered the Banking PCF and initial process frameworks developed by the core teams into a business process mapping (BPM) tracking tool (Figure 4). The tool used scorecards to assess the status of each project and provided senior leadership with data on process development and improvement efforts. Furthermore the tool:

- ▶ incorporated the SIPOC methodology,
- ▶ identified and tracked process owners and stakeholders,
- ▶ provided easy access to multiple process owners, and
- ▶ reinforced a standard methodology and tracking process.

BPM Tracking Tool

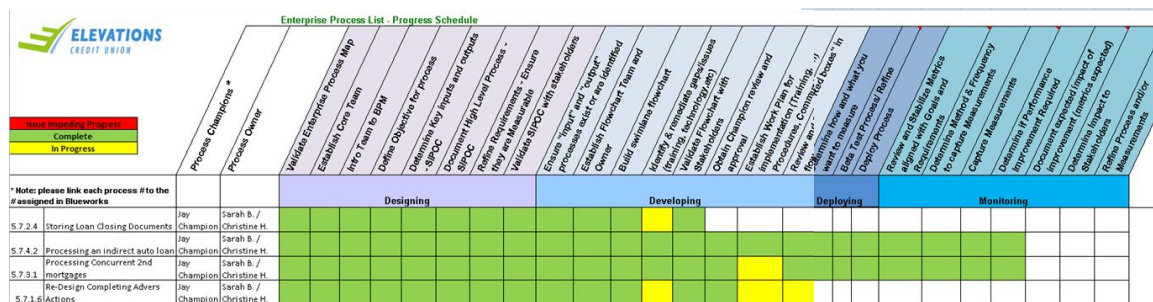


Figure 4

Providing Training and Support Materials

In addition to a standardized tracking tool, Wolfe and team conducted training on its business process development methodology and created a BPM Workbook—a step-by-step manual on process development and management. The work book is a 47 page document that enables self-directed process development, is pre-requisite reading for training classes, and encourages employees to train and lead process development and management within their teams. The workbook includes chapters—full of examples, templates, and advice—on:

1. Building a process—from identifying a process need to creating a process flow chart

2. Measuring and improving a process—from selecting the appropriate metrics to managing a process improvement project
3. Business process management tools—outlines how to use Elevations’s process tools (BPM Tracker and BlueworksLive)
4. Writing a procedure—step-by-step instructions on how to go from a process to desk-level instructions and content

YEAR THREE: CONNECTING THE DOTS TO FOSTER ADOPTION

By year three, Wolfe and team began to see results. Process standardization was starting to become a part of the culture and led to the ability to conduct, review, and manage using apples-to-apples benchmarking.

At this time Elevations needed additional functionality out of its business process tracking tools. As process development was improving and began to span across functions, Elevations needed the ability to:

- ▶ exponentially increase the velocity of its BPM development efforts;
- ▶ establish a single source of information for all things process;
- ▶ provide reporting, sorting, scouting, and coaching;
- ▶ enable many teams and departments to contribute and get engaged; and
- ▶ support the printing of flowcharts and working laboratories and Value Stream conversations on walls/halls.

There are many tools out there that will accomplish these goals, Elevations decided to use IBM’s BlueworksLive because it enables governance by Wolfe and team, provides collaboration between all stakeholders, links processes to each other and to project management, and includes dashboards for decision making.

YEAR FOUR: USING PROCESS IMPROVEMENT TRANSPARENCY TO ENGAGE THE ORGANIZATION

For example, Elevations used its success in transforming its lending and underwriting process by publicly displaying its results to engage employees for further process development. This inspired the owners of the linking processes to publish their processes and gave visibility to inputs and outputs from one process to the next. To educate the rest of the business on the lending and underwriting process, maps are posted on a wall and the leading officer walks groups of employees through the process steps over and over. The maps now stretch across an entire hallway and have led other teams to do the same thing.

Now, the consumer lending process is fully documented, starting from when the member walks through the door requesting a loan until Elevations receives the first month’s payment. The

documented processes have linking inputs, outputs and shared metrics. “It’s amazing how much we’ve been able to reduce risk and cycle time,” says Wolfe. “We have also gained tremendous insight on how to better serve our membership.”

Employees began responding to the improved transparency and employee engagement scores increased significantly. “When someone gets it, it just clicks. The lights go on for them. And we started leveraging these people to share their understanding with others.”

These advocates—dubbed “special forces”— are grassroots process authorities who have been given additional training on the BPM tools and processes. Elevations has identified 21 special forces who are typically managers, representing every functional area—who are now responsible for providing oversight and coaching on process development. The special forces are involved with every process development project and:

- ▶ assist in the design and deployment of functional area processes which are linked and integrated with other functional areas and stakeholders;
- ▶ ensure consistency and completeness among users of BlueworksLive for capturing process documentation including SIPOCs and flowcharts by implementing BPM methodology, rules and guidelines; and
- ▶ collaborate and advise on defining, designing, deploying, and monitoring a process.

The use of advocates has improved the level of engagement and generated widespread buy-in on the value of processes. “When we started, no one knew what we were talking about,” says Wolfe. “Now, there isn’t anyone in the organization who doesn’t know the value of our processes.”

YEAR FIVE: MAKING IT STICK

By 2013, Elevations had process development projects in every aspect of the business ranging from process improvement efforts for previously established processes to initial process development efforts. Now that the organization has momentum and has matured in its process-oriented perspective, Wolfe and team moved onto the next stage—making it stick. To accomplish this, Wolfe and team developed additional programs, tools, and support materials.

Opportunity for Improvement Games

Wolfe and team wanted to start getting the organization engaged with the idea of process improvement. They developed the “opportunity for improvement” (OFI) games. For these games, the special forces and Wolfe’s team would conduct “ride-alongs” while people performed their job to identify and note a list of process improvement opportunities. They then worked collaboratively to develop a prioritized, cross-functional list of improvement initiatives. Each functional area adopted a board game appropriately aligned with their work and created a wall chart to track their progress. For example, human resources had “Chutes and Ladders,”

operations used “Monoperations”, and lending used “CandyLand.” The game board serves two purposes. First, it provides transparency on the OFIs for the organization. Second it enables the team to track progress for “knocking OFIs off the list” using public recognition to reinforce desired behaviors.

Enterprise Dashboards

As the organization’s processes and measures grew in complexity and leadership’s need for data to support its decision making also expanded, Elevations implemented an enterprise dashboard system (Figure 5) that provide access to the organizations KPIs (actual, target, and variance). There is a corresponding “drill down” dashboard for each category of the PCF in the enterprise process map.

Enterprise Dashboards

		Heartbeat of Elevations Credit Union Data as of Month,Day, 2014																												
		Employee Engagement						Member Health						Financial Sustainability																
On Track?		✓	✓	✓	✓	✓	!	!	✗	!	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	!	✓	✗	!	✗					
		People Metrics						Member		Net Promoter Score						Mortgage		Total		Lending Production				Business						
		Trans	X	Cycle Time		Pull Thru		Approval	Crdt Utiliz	Net Growth	Satisfaction	R	T	Brch	CC	Rem	Prodt	Mber	1st Mortgag	Cons + MBL	2nd Mort	Auto		Visa	Energy	Other (+)	Visa	Loans		
		C	M	C	M	C	M														Direct	Indirect								
Oct		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41,275	0	0	0	0	0	0	0	0	0	0	0
		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	92%	0	0	0	0	0	0	0	0	0	0	0
Nov		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	75%	0	0	0	0	0	0	0	0	0	0	0
		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71%	0	0	0	0	0	0	0	0	0	0	0
Dec		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0	0	0	0	0	0	0	0	0	0	0
		0.0	0.0	0.0	0.0	0%	0.0	0%	0.0%	0.0%	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0	0	0	0	0	0	0	0	0	0	0
YTD Total																														

Figure 5

“The ability to get real in-process metrics was a fundamental change in how we operated.” Wolfe says. “We all remember the first time someone could stand up and talk solidly from numbers. Others looked around the room and asked ‘How is she doing that?’”

From that moment on, senior leaders began managing via enterprise dashboards. If the organization is not moving in the right direction, it is now clear what to do. “All of our metrics are tied back to processes, so, by tracing back to the source of the problem, we can now figure out what’s broken and why,” Wolfe says.

Governance of Knowledge Assets

Finally to ensure standardization of its language, processes, and policies, Wolfe and team developed the “knowledge assets governance” (Figure 6). This structure created a framework of Elevations’ operating and business rules and definitions, including:

- ▶ board of directors policy;
- ▶ management policies;
- ▶ business process and procedures;
- ▶ business rules; and
- ▶ its forms, notices, disclosures and letters.

Knowledge assets are submitted through a governance process in which assets are reviewed and validated using the BPM methodology which ensures stakeholder review and approval. All of these assets are made available in an enterprise-wide reference desk.

Knowledge Assets Governance

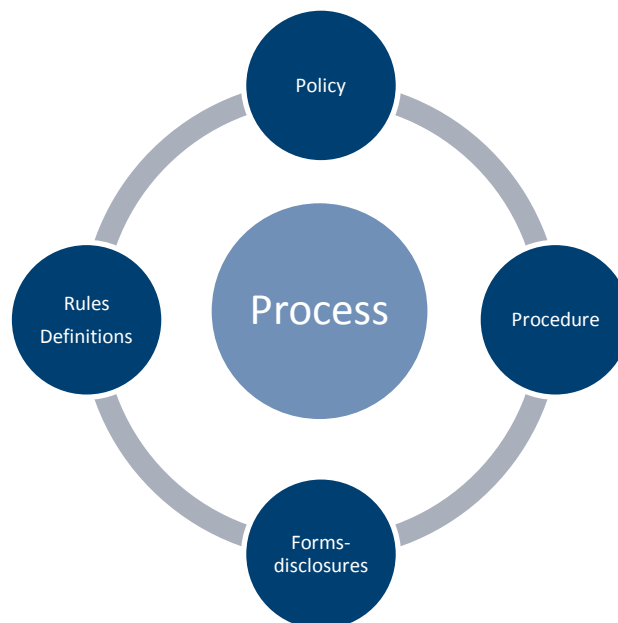


Figure 6

The Payoff

Using these techniques, Elevations has now mapped more than 261 processes. All are linked to the PCF and documented all the way down to desk-level procedures. “The PCF is now a language everyone speaks,” Wolfe says. Elevations’ use of the Banking PCF saved the organization time

because it provided an overarching architecture to organize, align, and integrate our processes.” These performance improvement efforts have enabled Elevations to make data-driven decisions, match the right skills to each process, and eliminate redundancies. Furthermore its combination of people, process, and tools has provided process improvements (Figure 7), financial benefits, and external recognitions.

Elevations Process Improvements

Activity	Before Process Development	After Process Development
Vehicle loans cycle time	10–13 days	4–5 days
Home Equity loans funding cycle time	30 days	14–15 days
Average number of consumer loans per month	483	659

Figure 7

Elevations’ transformation to a process-oriented culture has contributed to tripled earnings and 35 percent increase in membership, as well as an increase in its equity by 97 percent. Elevations was the 2013 Rocky Mountain Performance Excellence PEAK award winner and is a 2014 applicant for the National Malcolm Baldrige Performance Excellence Award.



123 North Post Oak Lane, Third Floor • Houston, Texas 77024-7797
+1-713-681-4020 • 800-776-9676 • apqcinfo@apqc.org • www.apqc.org