# TBM in Process Reengineering: Case Study Services Industry

# 10

## 10.1 Description of the Client[1]

With 15,000 employees working in 33 countries and a profit of $3.5 billion in its fiscal year (FY) 2001, Deloitte Consulting is without doubt one of the biggest and best-known management consultancies in the world. Deloitte's services range from strategy to process and IT consulting alongside the entire value chain.

FY 2001 was, however, a challenging year for Deloitte even though it bore up rather well against the harsh conditions stemming from the burst of the tech bubble and the global economic slowdown. As mentioned in Chap. 3, the consulting industry is undergoing some very profound changes. Naturally, Deloitte Consulting has been subjected to these changes as well. In February 2002, it had to split with Deloitte Touche Tohmatsu (DTT), one of the remaining "Big Four" accounting, tax advisory, and financial services companies, as regulatory bodies and, in the words of Deloitte's CEO Doug McCracken, "market perception concluded that the interests of clients and staff are best served through this separation".[2] Deprived of 15% of DTT's clients, Deloitte Consulting decided to go private.[3] At the time I am writing these lines, Deloitte Consulting is also creating a "new" brand name: *Braxton Associates*.

[1] Figures are derived from the company's annual reports.

[2] Comments can be found on www.dc.com.

[3] Fortune Magazine, Deloitte Restates its Case, July 29, 2002.



U. G. Seebacher, *Template-based Management*, Management for Professionals,
https://doi.org/10.1007/978-3-030-56611-1_10

## 10.2 The Contingency Situation

### 10.2.1 Industry Situation

Early in 2000, the first dark clouds appeared on the consulting industry's horizon. As the first dot.coms faltered and fell, Internet consultancies such as *marchFIRST* or *iXL* followed suit. Worth $13 billion in January 2000, just $5 billion less than the consulting arm of PricewaterhouseCoopers, marchFIRST lost $100 million a quarter, with no end in sight.[4] The onslaught on the technology sector was in its prenatal phase. Consultancies started to feel the heat.

In addition, Arthur Levitt, former chairman of the Securities and Exchange Commission (SEC), first talked about seriously considering banning auditing firms from offering both audit and non-audit services to the same client.

Despite the mounting economic pressure, big consultancies still counted on growth segments. While the companies were watching their business volume decline, the consultancies still had contracts with them, providing them constant streams of revenue. Therefore, they were not immediately affected by the deflating bubble. New topics emerged in the area of electronic business, such as Customer Relationship Management (CRM) or eProcurement. Consultancies in those days set out to take advantage of the huge market potential hidden in the new technologies. More and more IT-oriented people were hired and thus the business was expected to come straight away.

### 10.2.2 Client's Situation

These were the general circumstances under which this internal engagement was launched by Peter Thormann in 2000 to improve the already smoothly running finance and accounting processes in the Düsseldorf branch. This was impacted by the uncompromising employee orientation of Deloitte Consulting, building the basis for excellent service delivery to the clients.

In the year 2000, Deloitte had just recently merged with the Wollert-Elmendorff Deutsche Industrie-Treuhand GmbH (WEDIT), an accountancy, which took over Deloitte's accounting in Düsseldorf. In spite of the legal merger, Deloitte did not fuse geographically. The offices of Deloitte were located in the suburbs of Düsseldorf, while WEDIT's were very central. In other cities such as Hanover or Frankfurt some locations were given up in order to realize synergies by merging different sites.

A merger always brings up problems. In newspapers, one usually is informed about the "big" strategic issues involving people, organization, and markets when two or more companies combine. Once these issues are cleared on a broad level, it

[4]The Economist Magazine, December 7, 2000.

comes down to daily business and procedures. The challenge we encountered at the Düsseldorf offices involved a routine procedure. But it was a very significant one!

## 10.3 Problem Definition and Understanding

The objective was to reduce cycle times for the refunding of consultants' travel expenses, and invoices which had to be approved and paid. A clear, sequential, and even smoother structure of the internal payment and accounting system was Peter's intention.

What seems to be a minor issue was in fact not. While acceptable probably for the accountants and the consultants, Deloitte's director for finances in Düsseldorf was not happy about the state of affairs at all. He told me:

> *For me this process takes too long. With our brilliant people we can do it even faster. And we owe this to our consultants – to reduce the payment cycle times down to two weeks. That thing has to be fixed!*
>
> —Dieter Corbach, Director Finance Department, WEDIT Düsseldorf

He was absolutely right with his idea of aligning the internal flows more efficiently, as this would contribute internally to the consultants' motivation and externally underline the professionalism of the company. However, it was of great strategic importance.[5]

## 10.4 Process Evolvement and Abstraction

We again thought about how to best go about the problem. As this was a clear-cut operational consulting task, we evolved the following phases of the problem-solving process which you are familiar with from Chap. 6. We did, however, leave out an external analysis (benchmarking).

1. Internal analysis
2. Documentation of the process
3. Process modulation in a
   (a) Quantitative way
   (b) Qualitative way
4. Development/design of the desired process
5. Implementation/optimization of the process

Equipped with the knowledge of how successful as well as time- and cost-efficiently one could deliver results by having employees—in this case my

[5] Sagner, J.S.: "Cashflow Reengineering – How to Optimize the Cashflow Timeline and Improve Financial Efficiency", Amacom 1997.

colleagues—use templates, I proposed using the TBM approach, and my idea was accepted.

> *This sounds sensible. I agree that it would be best to leave the purely operational tasks with our and WEDIT's staff. You see, we somehow have to minimize the internal costs for the project. Using your approach would allow you to continue your work for your current clients, right?*
>
> —Peter Thormann, CEO, Deloitte Consulting Germany

Peter was happy about me offering him a way of solving a problem in a very cost-efficient manner. This was because the TBM approach reduced my workload and ensured the adequate involvement of the acting people—again positively impacting the later acceptance of the refrained processes. These issues were of vital importance, as we had to ensure that all running client engagements would be delivered in parallel under consideration of Deloitte's high-quality level of project results.

I started to abstract the problem-solving process from its operational roots and tried to envision in which parts of the process and how to use templates. To me, it was quite obvious that it would be best to have the team members (secretaries, accountants, people from finance. . .) of Deloitte and WEDIT conduct the internal as-is analysis, since this was all about scrutinizing the current operations, or process flow. Moreover, they were asked to do the documentation of the process. Based on the TBM approach, they would also deliver essential parts of the quantitative and qualitative process modulation. Without Peter's support and commitment, of course, this would not have been possible.

The abstraction of the problem-solving process thus built the starting base for the template generation.

## 10.5 Template Generation

Not being subjected to such a tight time schedule and budget as we had been with Elastogran back in 1997, we took more time to design the templates. We wanted to have the optimal tools for the staff in order to get the best possible results. Consequently, we went through the three broad stages of generating templates very thoroughly:

1. Draft development
2. Pre-testing session
3. Fine-tuning

The initial sketches of the templates were just that. Very rough and imprecise drawings and formulations. We just wanted to generate a few options for how templates might look for the internal as-is analysis as well as for the process documentation. Of course, I brought in my experience from the 1997 project. However, there were a lot of other good ideas for modeling the templates. I can

still vividly recall one of my colleagues who helped us with this project. One day he came to my office, showering me with ideas—and templates—encouraged by the approach we were using.

> *Yesterday evening I sketched some*[6] *templates. They're probably not all good but some may be. The templates are developed based on common formats we are using in our daily finance and accounting work. This would make our project delivery a lot easier – if we could use them for your project. Please give me some feedback if you find some ideas useful.*
>
> —Dieter Corbach, Director Finance Department, WEDIT Düsseldorf

Reflecting the various dimensions of the process—types of forms processed, workflows, people, etc.—different kinds of templates were designed. There were word documents, slides, and spreadsheets. One colleague even "sketched" a simple Operations Research program. After we had "played around" a little with graphical and text elements, we selected the templates we considered the best fits for the process and our purpose and developed them further.

Since it was mainly accountants we were dealing with and who would have to use the templates, we knew that we had to abstain from using "hip" graphical design, which would probably popular with people working in marketing.[7] The elements to be emphasized were consistency and comprehensiveness. Moreover, the templates had to be rather technical, allowing numerical and analytical work. In this sense, we really had the users of the templates in mind when we developed them. We knew that WEDIT's accountants were brilliant people trained to "think in numbers" and that they would analyze the process using measures and probably benchmarks. Thus, we had to generate tools that would allow them to realize their full potential.

Another important factor when drafting and further developing the templates was the need for cross-functionality. When a project team member, for instance, measured the time of any particular process and filled in the results on a template, that template should be directly linked to a spreadsheet calculating the time needed. A second cross-functionality we envisioned was that templates recording activities (i.e., calculating tax deductibles, checking invoices and bills. . .) would be linked to another template automatically searching for similar or recurrent activities. This allowed the team members to easily spot interfaces and possible double work.

> *What do you think about linking some templates to computer programs? We could, for example, have a search engine developed that would look for matches within the people's statements to see where people are or could be doing pretty much the same things. I haven't figured out all details yet. But I could, if you think this is helpful.*
>
> —James Loos, Project Team Member, Deloitte Consulting, Düsseldorf

[6] "Some" just didn't fit here. He had some 20 to 30 templates in his Rucksack. I very much admired him for his drive.

[7] Please excuse my probable stereotyping. In my experience, accountants prefer simple and straightforward work tools.

Once we had done a more thorough layout of the drafts, we started to pretest them. This was especially important for the templates that came with cross-functionalities. Some glitches were spotted and removed. In some cases, we had to return to the drawing board. Of course, the template drafts were also tested by the people at WEDIT and Deloitte, those who would eventually use them. We consolidated their feedback and changed the templates according to their opinions. Thus, we had a good set of templates, which now had to be fine-tuned according to the users' specifications and needs.

The fine-tuning phase is very much about knowing the individual(s) who will use the templates. The sometimes very small discrepancies between certain learning and thinking types (see Chaps. 7 and 8) have to be respected. Even though we generally classified the accountants and finance people as thinking analytically and numerically, the individuals themselves—not only in this specific project at Deloitte—all displayed different thinking patterns which had to be borne in mind.

In the end, we had templates that were user-friendly, precise in expression, comprehensive, and consistent. Not all of them, though, were self-explanatory. Especially the spreadsheets—their functions and purpose—had to be explained to people who did not use spreadsheet programs every day. But they were generally accepted, and the people were looking forward to working with them. Just recently, I bumped into a former colleague of mine from Deloitte. She was one of the team members who used the templates. We chatted a bit and I told her that I was writing a book about Template-driven Consulting. She was excited and recalled the challenging and interesting times we spent on that project.

## 10.6 Project Work Implementation

The team members were given the final version of the templates with which they were supposed to initially analyze the as-is situation of the payments and recording process.

It was important to examine the process according to three dimensions:

1. Activity-flows/processes
2. Roles and responsibilities
3. Interfaces

The team started by asking their peers about their daily, weekly, and annual key activities. Then they put these activities in a sequential order to depict the actual process flow (see Fig. 10.1).

Another template was used to get a better understanding of the "deliverables." The purpose of this template was to get a concrete definition of the objective(s) of the activity-flows. Based on our experience, a clear linkage of actions and deliverables facilitates the understanding of the causality and impacts the process thinking of the individuals involved.

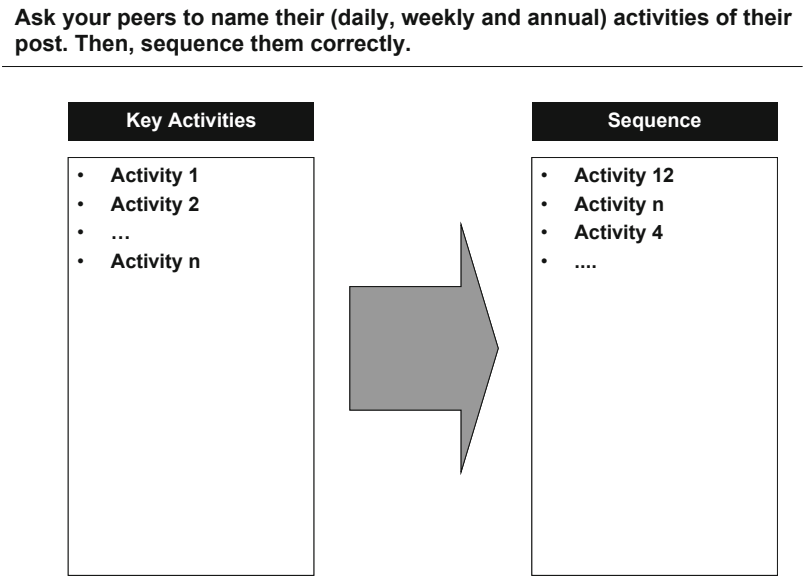


**Fig. 10.1** Activity sequencing template

A third round of questioning was to inform us about who the process owner (organizational unit) of any key activity was (see Fig. 10.2). We also included in that template a column headed "interfaces," because we thought that the project members could in some cases automatically spot interfaces and potential inefficiencies.

While the templates described before were used primarily as "print-out versions," allowing handwritten notes, the next template (Fig. 10.3) was a digital version. It was used to digitally aggregate the data and information contained in the templates defining activities, inputs, outputs, interfaces, and involved departments. Moreover, this template was linked to a computer tool that would search for similar or recurrent activities across the delivering organizational units. In this way, we could easily spot potential and actual overlaps that would probably not immediately meet the eye.

This program used similarities to identify possible overlaps and interfaces and delivered concrete processes, working packages, or even activities, where such overlaps or interfaces might be hidden. Sometimes, quite frankly, the tool came up with rather stupid linkages, but nonetheless, in some cases, it provided us with interesting input for a qualitative modulation and optimization of the process.

We also had templates developed for measuring the duration of key activities (see Fig. 10.4). A "Zig-Zag" evaluation template was used, as shown in the preceding case study, and both templates were digitally aggregated to a single template.

This allowed for a good visualization of the activity-flows, their respective durations, and the connections of one delivering organizational unit to another. Consequently, we had a good starting point for documenting the overall process and its sub-processes.

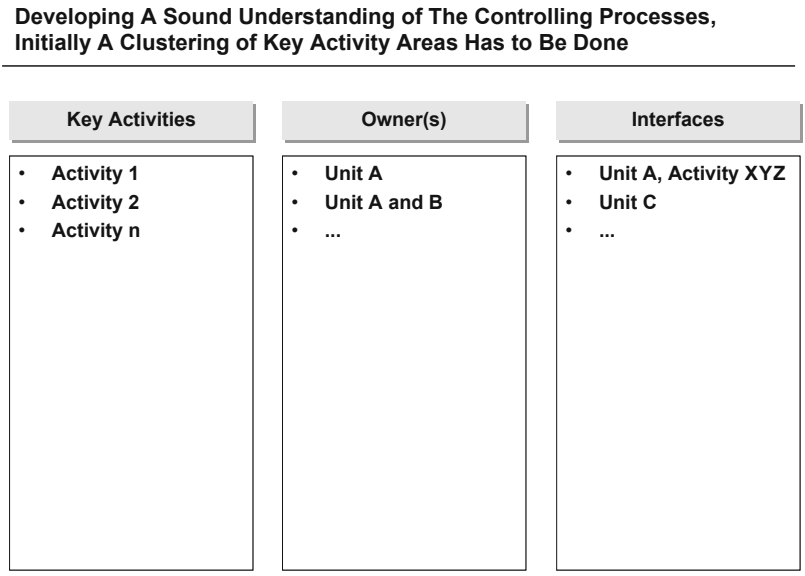


**Fig. 10.2** Process owner and interfaces template

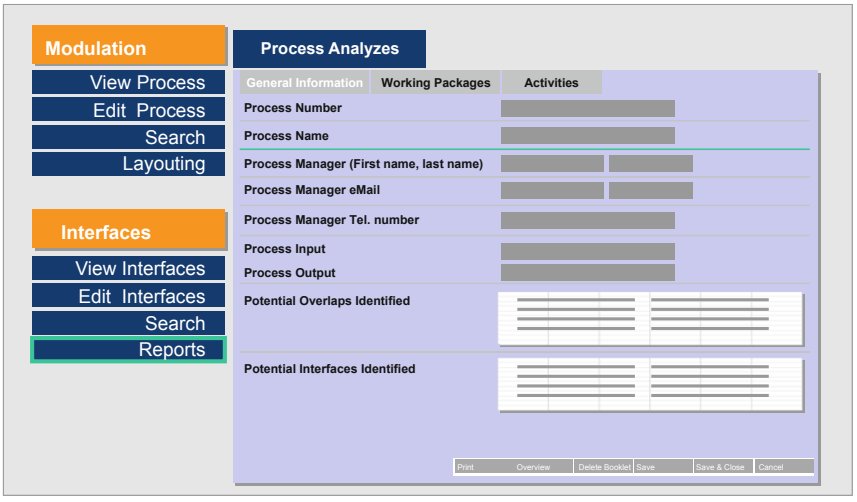


**Fig. 10.3** Interface indicator result template

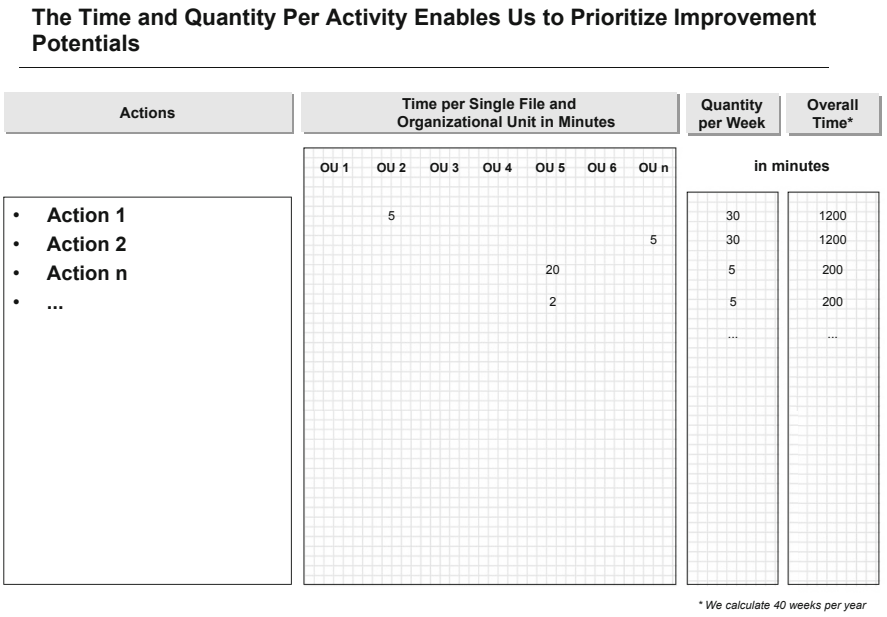


**Fig. 10.4** Quantitative Zig-Zag template

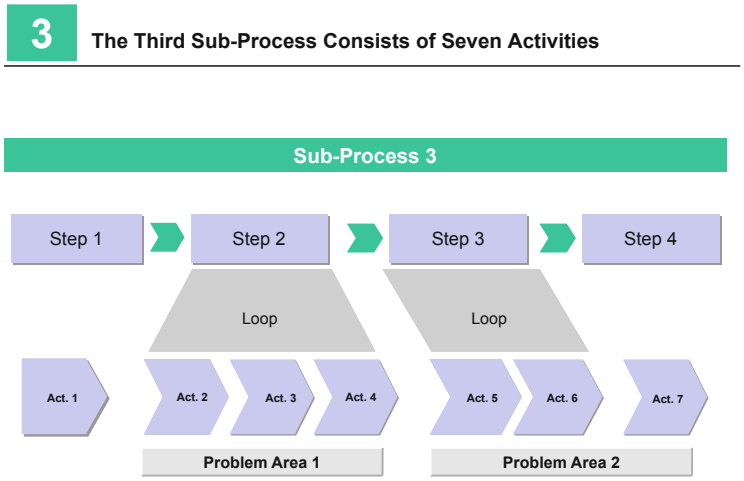


**Fig. 10.5** Graphical-oriented flow template

For the documentation the project members were given different tools, because we thought that we could exploit their different analytical approaches (thinking types) by using a variety of graphical designs. We drew on a classical "arrow diagram" (see Fig. 10.5), a blunt numerical list, and a matrix resembling an "Input–Output-Analysis" used in economic accounting (see Fig. 10.6). The matrix

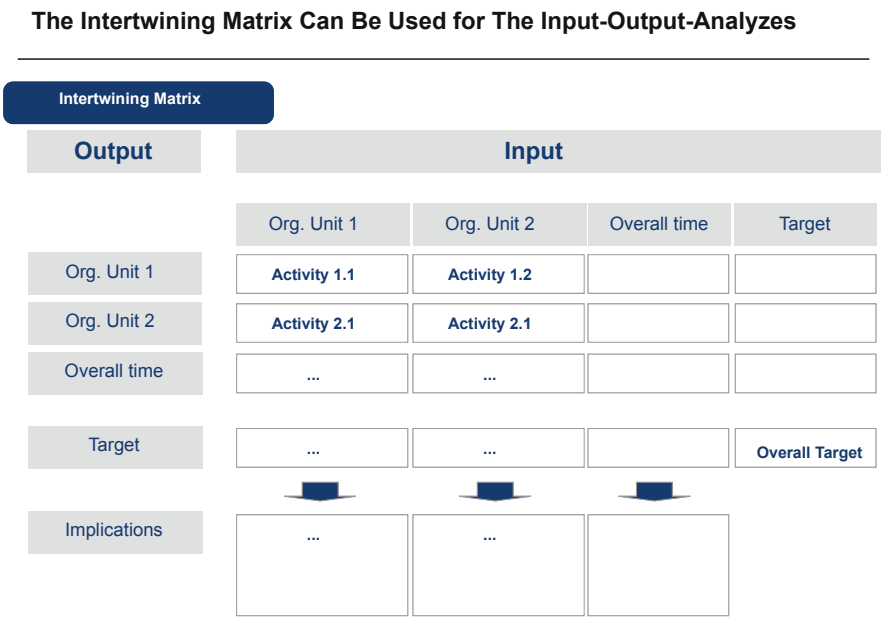


**Fig. 10.6** Intertwining-matrix template

was particularly helpful in showing the organizational units as they related to each other.

Using the above templates, the team members could smoothly model the processes in a quantitative way (i.e., number of times a form is processed; time needed. . .) and a qualitative (i.e., what kind of information is added; is the form changed in any way—digitalization. . .). In the end, the team members could make a direct comparison of the as-is activity-flows and the target flows we defined earlier using template number 7 (see Fig. 10.7).

For the first time, the implementation and facilitation phase showed me how important new abilities would be for a consultant using the Template-driven Consulting approach. First was the ability to abstract the problem-solving process, thus moving along on the meta-level. The second was the generic thinking ability described in Chap. 8. In all, I became aware of the necessity for dual-level coaching.

The impression of me becoming a helicopter pilot reporting traffic news to my station—as explained in the last part of Chap. 8—arose when I conducted the project at Deloitte Consulting in Düsseldorf. I really felt as if I were watching the "big picture" from a meta-level, observing things happening, and eventually reducing speed and altitude when I saw a traffic jam in order to find out the reason and to reroute cars to avoid further bottlenecks. It was a constant shift in perspective that had very positive effects on the work I did and on my personal growth.

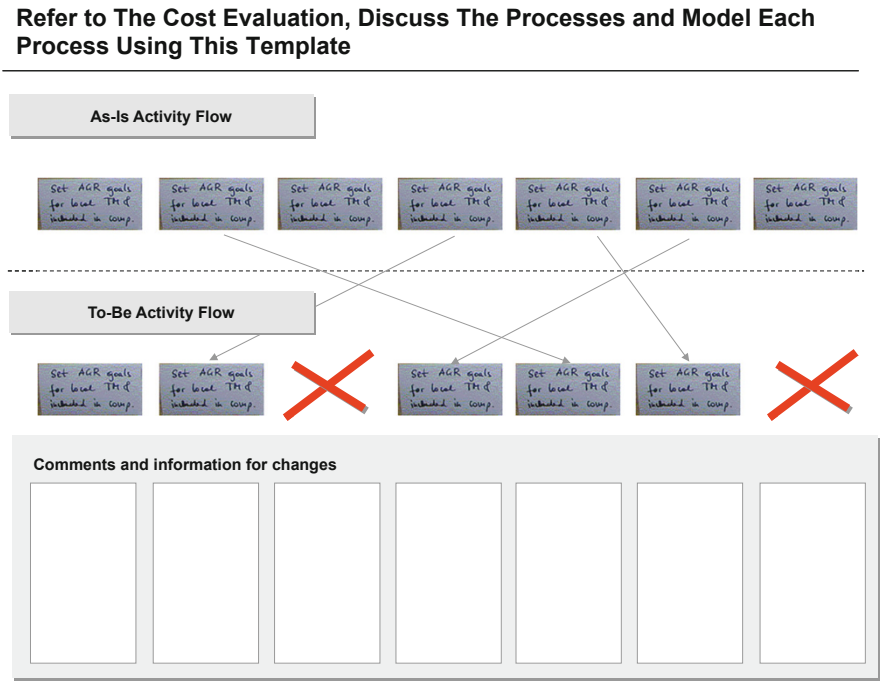


**Fig. 10.7** Process comparison template

## 10.7 Quantitative and Qualitative Project Results

But the new methodology did not just have an encouraging effect on me and on my attitude toward consulting. The project team was able to deliver excellent results using TBM. Again, these results were quantitative as well as qualitative. Quantitatively, the project team reduced the time required for travel expenses, for instance, to be recorded by the accountants at WEDIT from an average of 3 weeks down to 2 weeks, which is absolutely brilliant—as were the involved people. This drop-in time was caused by

1. Spotting interfaces and linkages
2. Eliminating double work and long waiting times
3. Effectively and efficiently sequencing activity-flows

The qualitative discussion on process steps was especially vital. The project team, for example, identified a set of activities that could be done at once at the consultant's office. Using the former process flow, it might happen that one activity would be done at our consulting office, then the documents would be forwarded to our accountant's office for crosschecking purposes the high quality was and still is of

the utmost importance. Back at the consultant's office, then, the documents would be worked on again.

Another outcome of TBM-based qualitative process modulation was the idea to have one of our accounting colleagues working at the consultant's office 2 days a week; this would reduce the amount of information and documents for transport and logistics tremendously.

Even though I was not given the actual figures, a colleague from the finance department told me personally that the enhanced process made their daily business much easier, as they had seen one "annoying element" that had been disrupting their cash management activities disappear.

> *This one is so much easier now, even though our former system was, compared to other companies we talked to, a quite sophisticated one. Thank God!*
>
> —Dieter Corbach, Director Finance Department, WEDIT Düsseldorf

From a qualitative point of view, the project team not only made the process faster, but also—based on their extensive experience and the high level of engagement and motivation—generated several ideas on how to make the forms more compact. In essence, they applied the key elements of efficient templates to the forms they were using every day. The forms turned out to be more user-friendly, precise, and, above all, more structured. The effect could be best observed when a newcomer joined WEDIT and was able to grasp the process within 2 days. Of course, she had to ask about some details afterward. But, unlike people before, she did not take a week or two to understand who was doing what, when, and where, and how she was related to all of this. It was a clear-cut process, with a clear-cut structure.

Another qualitative improvement was made on the motivational level. The project members knew that they had contributed to something significant. Moreover, it was not externals telling them what to do. It was they who collected data and did analyses. It was, to a major extent, they who spotted the inefficiencies and came up with ideas for eliminating them. The team members were given the opportunity to influence their working environment. This motivated them tremendously.

After the project had been completed, I talked to Peter again during a meeting in Berlin. He confirmed my impression that the team members had been working in a very motivated way.

> *You are absolutely right, Uwe. They were absolutely positive about this project. I guess that's because THEY could improve their working environment.*
>
> —Peter Thormann, CEO, Deloitte Consulting Germany

I would like to thank Peter Thormann and Ulrike Vollmer especially for their support in writing this case study. I also wish to thank all members of the project team and, symbolically for them, Dieter Corbach, for their active involvement and appreciation of the work jointly delivered.