Glossary

ABC Analysis Prioritises the tasks, problems, products, and other similar elements on three levels: A = very important, B = important, C = less important.

Activity Task that is focused on achieving a specific outcome in a *project*.

Advocates Individuals or groups who desire change through *business engineering* but have no power in the organisation.

Affected persons People who have to change and are affected by *change management processes*.

Agents Persons or a group of people who are responsible for the implementation of *change management*.

Architecture Structure of a system and the rules on which such a structure is based.

Balanced scorecard (BSC) A holistic management and *performance indicator* system that includes financial and non-financial key data in the control process. It aligns the actions (processes, measures) of a group of people (organisations, companies, institutions, fields, departments, project groups etc.) to a common goal.

Base rate Established by dividing the hospital budget by the case mix index. The hospital-specific base rate is founded on a benchmarking process between hospitals. It provides information about how economically efficient the hospital is in comparison with other hospitals.

Benchmarking The implementation of a competitive comparison analysis. Normally, this is done by using a system of *performance indicators* that defines the criteria being compared and their quantitative definitions.

Best practices 'Objective' empirical values that help to carry out a *project*. Successful methods, tools or measures are applied.

Business architecture A business system or partial system and the result of planning the structure of the business. It includes the general structure of a business and the necessary design rules.

Business engineering/business process management An integrated concept of control, organisation, and *monitoring* that enables an objective-orientated control of *business processes*. It is geared towards fulfilling the needs of clients (patients, referring doctors) and other interest groups (stakeholders), such as sup-

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pliers, partners, staff and owners, and contributes to achieving the strategic and operative goals of the hospital.

Business engineering map A map that describes how change processes can be implemented throughout various areas of a business. It is based on information and communication technology developed during the past few decades and the new economic system resulting from it.

Business model The *business processes* of a company on various levels and from different viewpoints: structure, functions (operations), data, and performance (processes).

Business process A logically connected chain of *activities* that have to be performed in a given sequence and aims at a certain process performance. Initiated by a defined event, specific input is transformed into output by considering regulations and using various *resources*.

Business process management An integrated concept of leadership, organisation, and *controlling* that enables the objectively-orientated control of *business processes*. It is geared towards fulfilling the needs of clients and other interest groups (stakeholders), such as suppliers, partners, staff, and owners, and contributes materially to achieving the strategic and operative goals of the business.

Business process model Usually hierarchically modelled, purpose-orientated, and simplified representations of *business processes*.

Business process re-engineering (BPR) The optimisation of *business processes*. It is the fundamental re-thinking and the radical new structuring of *business processes* to achieve a dramatic improvement in costs, quality, service, and speed. BPR is often linked to significant cultural and technological changes.

Business strategy A long-term plan of action designed to achieve a particular goal or set of goals or objectives. In this sense, the business strategy of management indicates the way in which a medium-term or long-term goal can be achieved.

Case mix index A parameter that relates to the severity of cases and reflects the amount of complex cases being dealt with at a hospital.

Cash flow An economic measure presenting the cash flow generated by business activities during a certain period of time.

Change management The management and design of planned change processes within an organisation.

Critical incident reporting system (CIRS) A voluntary report by hospital staff of critical incidents or violations of processes where a patient has been or could have been harmed. The aim is to increase patient safety.

Client orientation Operational thinking and action focused on clients, i.e., their needs, wishes and problems.

Competitive advantage Realised by a business by offering one or several strategically important activities at a cheaper rate or at improved service delivery than one's competitors.

Conflict management Professional dealing with conflict according to in-hospital standards so that conflict teams can independently develop workable solutions and profit from the solutions.

Conflict resolution Reduction, elimination, and ending of any type of conflict.

Continual improvement process (CIP) A core value and attitude of participants that implies constant improvement with long lasting impact. This staff attitude ideally permeates all areas of business activities. CIP relates to product, process and service quality. CIP is implemented by a process of steady small improvement steps in a continuous teamwork process. CIP can be compared with the Japanese *Kaizen*. Because of its success, it is often used synonymously with *Kaizen*.

Controlling A goal- and profit-orientated activity. Controlling may take the form of *self-controlling* (the manager exercises the controlling duties himself) or in the form of *institutional controlling* (the controlling is exercised by a specialised body that supports management). Controlling functions include planning, monitoring, co-ordination and information dissemination.

Core competencies The abilities or activities that lead to a competitive advantage. They are achieved by consolidating and linking the company's resources to improve its position with regard to competitors and hence achieving a *competitive advantage*. If the business processes of a company represent core competencies or contribute significantly to the structure or upgrading of core competencies, they are also called *core processes*.

Core processes *Business processes* with a high degree of added value for the client. All core processes within an organisation are taken together and into account for its *competitive advantage*.

Critical success factors Features that significantly contribute to the success of a company and/or a business unit.

Current assets Items on an entity's balance sheet that are cash or a cash equivalent, or which can be converted into cash within one year.

Customer relationship management (CRM) The alignment of processes within a company to its clients and consequently the outline of customer relationship processes. A CRM system is application software supporting CRM.

Data integration Combining data residing in different sources and providing users with a unified view of these data. All data for a *business process* should be integrated. If this does not take place, media breaks occur.

DMAIC cycle The systematic, phased procedure of *Six Sigma* is known as a DMAIC cycle. The DMAIC cycle is used to improve existing processes and constitutes the core element of the Six Sigma improvement process. The DMAIC cycle is related to the *PDCA cycle* and stands for: 'define, measure, analyse, improve, control'.

Effectiveness The degree to which the achieved goal fulfils the desired outcome is evaluated independently of the required input.

Efficiency The cost–benefit ratio is generally the effectiveness and the suitability of the actions by which the specified goals were achieved. It is defined as the economic achievement of set goals (resource utilisation).

Enterprise resource planning system (ERP system) A complex programme integrating a common data base into several standard business applications. Consequently, only business-consistent transactions are carried out. Data consistency is maintained. Cross-company *business processes* are supported and repeated and redundant data capturing is avoided.

Equilibrium theory The return of input (work performance) balanced against output (salary, recognition).

External benchmarking Uses comparative values not originating in the business itself. If these standards result from the comparison with competitors it is known as competitive benchmarking.

Feasibility study It assesses whether suggested solutions(s) can realistically be implemented under the specific business conditions.

Five forces model Developed by Porter, the model asserts that competition in any branch of business is determined by five factors: (1) new competitors, (2) new products and services, (3) clients' scope to negotiate, (4) suppliers' scope to negotiate, (5) traditional competitors.

Functional benchmarking Occasionally, it is an advantage to conduct comparative analyses beyond one's own business and study the successes of non-competitors and role-models. This is described as functional *benchmarking*, as typically one is looking at optimal organisational solutions or processes (e.g., best of country). Functional benchmarking is also used if no reference values are available.

Gantt chart It is a type of bar chart that illustrates a project schedule. A Gantt chart shows the start and finish dates of the tasks of a project. It helps the project manager to visualize the project timeline and completed work over a period of time.

Gross domestic product (GPD) The monetary value of all goods and services produced inside a country's borders within a specific time period, usually calculated on an annual basis.

Globalisation A development trend in the global economy. Globalisation is the strategic alignment of companies and financial markets operating internationally; utilising the respectively feasible advantages of cost and location in various countries so that an increase in competitive opportunities is achieved.

Internal benchmarking Comparison within a company (best of company).

Ishikawa diagram (cause–effect diagram) Also known as the fishbone or cause–effect diagram, it serves to visualise a problem-solving process where the primary causes of a problem are sought.

ISO 9000ff. A coherent set of norms documenting the basis of measures for *quality management*. Within the ISO 9000:2000 norms, process orientation has a special significance. In many places, the role of process management within a quality management system is indicated.

Kaizen Meaning 'change for the better', a Japanese management philosophy focused on continuous, systematic and step-by-step improvement of *business processes* with the involvement of employees. The *continuous improvement process* (CIP) can be compared with the Japanese Kaizen. Because of the success of Kaizen, it is often used synonymously.

Lagging indicator Key data of results. These are *performance indicators* in a *balanced scorecard* and show whether the organisation was able to achieve its goals.

Leading indicators They provide information of the course the organisation is taking and highlight how the organisation will develop and whether it will achieve its objectives. They are therefore also called performance drivers and are *performance indicators* used in a *balanced scorecard*.

Leadership Provision of a guiding principle, a vision and a long-term goal and their realisation.

Leadership processes/management processes *Business processes* serving the planning, monitoring and evaluation of objectives, strategies and measures for an organisation or hospital.

Lean management Methods and principles applied to the entire company for efficient operations. Lean management is aimed at increasing efficiency.

Management processes Within a company, they serve the planning, monitoring and the control of goals, including strategies and measures.

Marketing A concept of the company's management that aligns all aspects and activities of a company to the requirements of the market. In this sense, marketing includes all activities of a business that are sales-related; specifically, the policies that address products and the product range, price and conditions, sales, communications and service policies.

Media breaks The lack of integration of all data necessary for a *business process*. Media breaks should be avoided. For instance, a media break exists if an order is captured in an *ERP system*. To calculate one day's turnover, the volume of orders must also be captured in an Excel table.

Mentor An experienced and trustworthy advisor and teacher. Odysseus entrusted his son Telemachus to a man called Mentor, who could act as his advisor and confidante during his absence in the battle for Troy.

Milestone The control points of a *project*. They are important constituents of project management as they conclude *phases* or present project reviews.

Mind map A mind map is a map of thoughts, i.e., a graphic representation of the relationship of concepts and key words relating to a complex topic.

Mission The reason and goal for a hospital is stated in a promise for its stakeholders (patients, referring doctors). The function, market and competitive advantages, together with the business goals and company policy, are outlined briefly and concisely in a short statement.

Motivation, extrinsic Influence from an external source (e.g., by salary, status, social acknowledgement).

Motivation, intrinsic Holistic, self-generated motivation.

Non-profit organisation (NPO) Also called *not-for profit*, as they are allowed to work for profits. These must be reinvested in the organisation and do not serve to make a profit as this would be the case in *for-profit organisations*.

Organisation of economic cooperation and development (OECD) At present, 34 member states of developed countries with a high per capita income that follow democratic and market economy goals.

Out of pocket payment (OOP) Individual health service contribution.

Orbis Software for hospitals and other health care professionals.

Organisational management All tasks related to the organisational structure of a company. Core tasks of organisational management are conceptualisation and implementation of the *structural and operational organisation*.

Organisational structure This outlines relationships and authorities within an organisation and indicates how they function. The organisational structure specifies: communication structure (how information is distributed) and authorities (which authorities and powers exist).

Outsourcing The allocation of company processes to an external enterprise. Reasons for outsourcing could include: concentration on *core competencies* (*operating processes*), savings and/or freeing up of *resources*, utilisation of the competencies of other companies, greater financial flexibility.

Picture archiving and communication system (PACS) Used in radiology to store images electronically.

Pareto principle The name is derived from the Italian economist Vilfredo Pareto, who postulated the 80–20 rule. This constant probability distribution describes a static phenomenon, that 80 % of influence can be traced to 20 % of the cause variable. These ratios have been confirmed in various studies. Examples: 80 % of product defects are caused by 20 % of all possible causes of defects. 20 % of tasks block 80 % of working time.

Parkinson's law Bureaucratisation: the bureaucratic administration in offices and businesses grows at a predictable rate, regardless of whether the work load remains the same, increases or decreases.

PDCA cycle (Deming cycle) An iterative four-step management method used in business for the control and continuous improvement of processes and products. It orders the improvement process of *business processes* in four *phases*: 'plan, do, check, act'.

Performance indicators Values (key data) providing quantitative information with specific significance for the performance of an organisation.

Portfolio Collection of objects (projects), tools, methods and options for activities.

Potential analysis Analysis of the resources of a business when it becomes available for strategic decisions. It reflects the strengths and weaknesses of the business.

Process A temporal and logically coherent sequence of functions necessary for carrying out an activity. A process consists of a sequence of steps producing output from a series of inputs.

Process benchmarking The *business processes* of different companies are compared.

Process flow chart Summarises and shows the flow of economic *processes*. Process flow charts depict operations, points of decision-making and the sequence of executing tasks.

Process map Depicts all *processes* carried out by an organisation (including *interfaces* to the outside). It gives an overview of all the essential *processes* of a business. The process map is thus a higher level view (meta level) of the processes within an organisation. It describes the structure of *business processes* of a company and the interaction of individual partial processes.

Process organisation Process organisation describes the *business processes* of an organisation on various levels, right down to the level of operations. The individual processes and their dependencies and interactions are analysed.

Process portfolio An analytical tool specifically focussed on *business processes*. The process portfolio can be used as a method for prioritising; for instance, to evaluate business processes according to client benefits and business success.

Project A project is a complex plan by which a clearly defined goal is to be achieved, considering all circumstances (such as time, costs and *resources*).

Project management A leadership concept that serves the goal-orientated and efficient implementation of *projects*. This includes organisational, methodical and interpersonal aspects.

Project portfolio management Overarching project planning within multi-project management. Projects are selected and developed in terms of the strategic and economic alignment of a hospital.

Quality management This includes all activities of management that determine quality policy, the goals and responsibilities within the framework of quality management. It implements them by means such as quality planning, quality control, quality assurance and quality improvement.

Resilience Mastering crises and criticism by recourse to personal and socially mediated values for personal development.

Resources The amount of personnel and material necessary to carry out actions, processes or *projects*.

Return on Equity Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Risk management The systematic capture and evaluation of risks and the subsequent reaction to identified risks. It contributes to the improvement of productivity and efficiency of a hospital and is aimed at increasing patient safety. Indicators are, for instance, the rate of complaints and legal–medical cases.

SDCA cycle When the PDCA cycle is successfully implemented in a business engineering project, the new business process is ratified as the new standard so that errors are not repeated and the learning experience is enhanced. This is referred to as the *standardise–do–check–Act (SDCA) cycle*.

Service process *Business processes* producing external services, i.e., for the respective clients. Performance processes are frequently called *core processes*.

Shareholder Owner of shares in a hospital or a business.

Shareholder analysis The value of a process from the point of view of the owner or shareholder.

Situational analysis Forms the basis for future concepts. It provides a detailed description of the initial situation of a business. The situational analysis includes a survey of the framework, a description of the actual situation and an analysis of the data.

SMART method Serves to unequivocally define goals (smart = clever). SMART stands for: 'specific, measurable, achievable, and relevant, time bound'.

Sponsors Persons or a group of persons who have the power to restructure the framework of *business engineering* and/or *change management*.

St Gallen approach Developed in the early 1990s at the University of St Gallen. It includes the basics and methods for business transformation caused by information technology. The approach encompasses three levels of design: strategy, process (organisation) and information system.

Stakeholder A person or a group (i.e., colleagues, CEO, patients, referring doctors, suppliers, cost carriers) whose interests are affected by events or the results of the *project* or processes.

Standard software A term used for programmes that offer a pre-set solution for a clearly defined area of application. Normally, this software must be purchased or leased.

Strategic management A way of conducting business in terms of goals, principles and strategies. In the past, conducting business was largely a matter of principles of liquidity or profitability; strategic management is guided by existing (or new) success or market potential.

Support process *Business processes* required for the successful completion of *service processes* through subsequent actions or functions. Support services are all the activities necessary for the implementation of management and *core processes* (invisible and meaningless to the clients); these are processes producing no, or low *added value* for the client; they serve to support the implementation of core processes, have no strategic value for the business and can be partially outsourced.

SWOT analysis Serves to highlight internal strengths and weaknesses, external opportunities and threats. A SWOT analysis can guide the direction and development of *business processes* in a situational analysis.

Time to market The time it takes for a product to be developed before being put on the market. During this time period the product creates costs, but does not generate income.

Two factor theory Motivation theory according to Herzberg. It highlights job satisfaction and consists of hygiene factors (dissatisfaction factors) as well as motivational factors.

Value-added chain Divides the business into strategically relevant activities to understand their role and to identify their potential to gain a competitive advantage. The *value-added chain* is a simple aid for investigating all *activities* (*processes*) in a business. In this way, you get an understanding how activities are related and the roles they play within one's *competitive advantage*.

Vision An imagined concept of a specific future situation. In business, this is often identical with a strategic aim. Vision is one of the management instruments in the change management processes.

Weak-point analysis An investigation for the purposes of identifying weaknesses, errors and reasons for errors in a process or a system.

Work-breakdown structure (WBS) This documents all activities of a project; it is a deliverable-orientated subdivision of the project into smaller tasks and describes the plan for the structure of a project. It serves to divide a project into controllable, manageable and plannable tasks.

Workflow A sequence of process steps through which an automated business process passes from initiation to completion.

Workflow management Support of business processes through automation or information technology. This enables to support business process management by means of technology.

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