Business Process Management for the mid tier?

A white Paper

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BPM for the mid tier?

I have attended many conferences and similar talk shops where I have heard and indeed been swept away by the message delivered by 'industry-leading Process Owners". The usual suspects are highlighted as the stumbling block for business process management to become a more widely accepted way of 'doing business'. These are not small insignificant items or technical issues that you can work around or side step.

I am told that I need to embed BPM in the business culture and develop enterprise buy-in. It is about a holistic way of doing business along end-to-end process lines covering aspects such as strategic and organisational alignment. Large scale organisational change is needed as new roles get defined around process owners, etc, etc. On returning to my workplace the caffeine buzz disappears, I feel an elephant in the room and am dwarfed by the size of the task in hand. Few businesses have taken on these large 'transformation' projects and fewer have succeeded.

The Comm Bank, Coca Cola, HP , Qantas and the likes can afford to invest in this talk (in fact maybe they can't?) . The reality is that we hear from either 'the experiment' i.e. a small part which is an exponent trying desperately to maintain budget and extend organisational change into mainstream business; or the Lean Management, Six Sigma Teams (we can all afford these, can't we?) that see synergy with the BPM message. Occasionally (almost uniquely) it is a business that appears to have really achieved BPM heaven either through inspirational leadership or as a result of a rebirth from a cataclysmic business crisis.

*But time and sense is a healing hand. I am now a realist, an **exponent of a type of BPM that creates a light footprint on a business, that works with its current structures both organisational and systems, that can reap immediate benefits that continue to cascade down with compound effect within a managed framework.** This approach is relevant to the mid sized businesses that I am involved in. The coal face reveals a reality which can deliver immediate gains and provide a basis for continued returns. BPM is not just applicable to the large "transformation" project in your business; it is equally relevant to overcoming specific pains around the day-to-day activites that keep your business running.*

This whitepaper attempts to set out the elements that make it a realistic approach with high tangible returns.

#1 Overcome Inertia

I hear the statement, "get it right first then automate it" and variations of. In fact a considerable amount is made of understanding, documenting and modelling your processes, especially if you subscribe to the definition of BPM as stated by the Australian Community of Practice. [(fig 1)] Indeed read it again, doesn't it seem an age until you get to the executing bit? Now we have all thrashed the days of Business Reengineering when businesses consumed themselves in large navel gazing exercises documenting to the hilt creating often outdated and useable mountains of paper and electronic file. And I do recognise that technology has moved on with the arrival of SOA, object orientated modelling, standards such as BPMN, etc, etc but despite this I see inertia and exercises in navel gazing continue just using niftier and sexier tools.

More nimble businesses recognise that some technologies can shorten these approaches and indeed change the approach all together.

> Business Process Management is a structured, coherent and consistent way of understanding, documenting, modeling, analysing, simulating, executing and continuously changing end-to-end business processes and all involved resources in the light of their contribution to business improvement
>
> (fig1)

The elements of a successful IT-enabled Process
(Harvard Business Review July-August 2008)

- They cover a wide span – this can include numbers of people and systems across typical business boundaries such department, office location, country, etc,
- They produce results immediately
- They are precise, rather than general guidelines, suggesting highly scripted instructions for business activities,
- They are consistent —executed the same way everywhere, every time. For example every outlet uses the same method to quote lead times, and deliveries are closed out the same way day after day,
- They make monitoring easy. Activities and events can be observed and tracked in real time, providing unprecedented opportunities for testing and feedback, and
- They build in enforceability… you can have great confidence that it will be executed as intended.

(fig 2)

Here I must turn to another source, the Harvard Review. [(fig 2)] and the elements of a successful IT-enabled process and highlight two points, 1) immediate results and 2) monitoring. The key therefore is the ability to innovate and propagate 'immediately' and to have the ability to monitor and refine, drastically change, or even decouple a process from the business.

So my point ….priorities, purpose, design, yes, but do not get analysis paralysis. The real world changes so frequently the best test is the live test; and remember you need reporting and analytics over your processes to provide real insight to make and deploy improvements and further change.

It's also relevant to think about the 80/20 rule. Wait for complete understanding (it's unlikely you'll get it anyway) or get quick change in and improve it, that's early payback.

# #2 the Process owner stumbling block

Now BPM makes a lot of noise on the issue of process owners. Some businesses have created new roles and have management matrices to reflect process responsibilities and the more typical departmental, business unit silos. Now to understand that processes run across these typical traditional silos is important, they do, an end to end business process typically threads its journey across many organisational boundaries. The simple act of creating a new Supplier may run across, procurement, operations, finance, administration and IT. All play a role directly and or indirectly.

Now imagine trying to change this? Easy! Who owns the process? Not just in name only but who can hold others to account in the chain? Do you create a new role? That's easy change management, immediately accepted I'm sure! Unless you are the head honcho, unchecked by countless other stakeholders, then its likely you won't be rearranging responsibilities from the heads of the departments and allocating them to new process owners, etc.

I believe everyone can reside where they are, sit in the same seat, report to the same department head they usually do, while processes thread there way through an organisation in a seamless way, joining these disparate roles and acting as the glue between the systems that support them.

So stealth is the better approach. There is nothing like visibility to put and an end to 'assumption' and kill the mystic about what everyone else does and whose problem poor performance is. Technology is the key. Find a solution that can provide end to end visibility over this process, show where and how long, who and how many, etc. Its stops the chatter, it changes behaviour, it builds collaboration and funnily enough a natural process owner will come out of the wood work. No title changes needed.

#3 The four blind men and an elephant
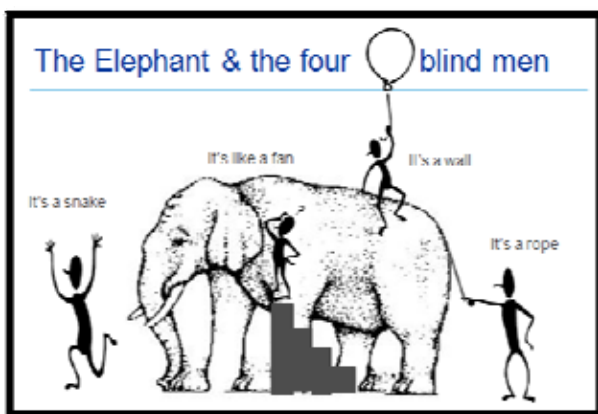
Now from my preamble you can summarise there are many differences of opinion and definition on what is BPM. I liken it to the blind men and the elephant. The advice is don't try and sell BPM to your business, it doesn't have an elevator pitch that is going to keep your CEO from exiting on the next floor. It comes with some of the connotations I have attempted to outline.

(fig3)

Address the problem on its own terms, and then the next, and so on and start demonstrating that it's all from a common framework and gradually the true potential of a business process orientated solution will be exposed.

So think big by all means, a BPM framework can be a strategic platform for your performance management across the enterprise, but start small and scale.

#4 Yield more!

All IT is an expense. BPM enablers such as a Business Process Management Suite are no exception to this rule; but because they provide capabilities to leverage off your existing IT and application infrastructure what they can do is greatly increase the overall yield and can have an exponential impact on business value. A BPM capability can orchestrate the
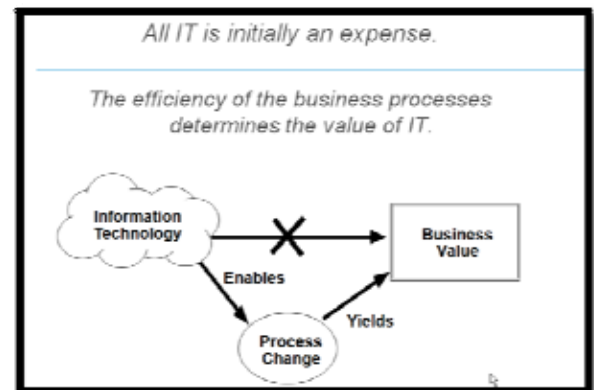
(fig4)

jumble of applications, loosely couple them and deliver them up at the time they are needed, in the format required, in the user interface of choice.

#5 Workflow is only a partial solution

Another frequent question is BPM vs workflow?   Workflow in an application is usually something that manages components of that application. Occasionally applications have tentacles that reach out, along up and down stream processes that service it as natural extensions around its domain. For example, expense requisition or quotation management might be workflow capabilities around a Purchasing solution.

So how does workflow differ from BPM enablers such as a BPMS?   The key is " domain". A BPMS shouldn't have any dependencies within one domain within a business. Is your payroll workflow going to be the same solution to address employee on boarding which may require many operational, finance and administration systems and personnel to be coordinated? It could be but then what if your next process priority is an operational challenge not overlapping Payroll at all.

(fig5)
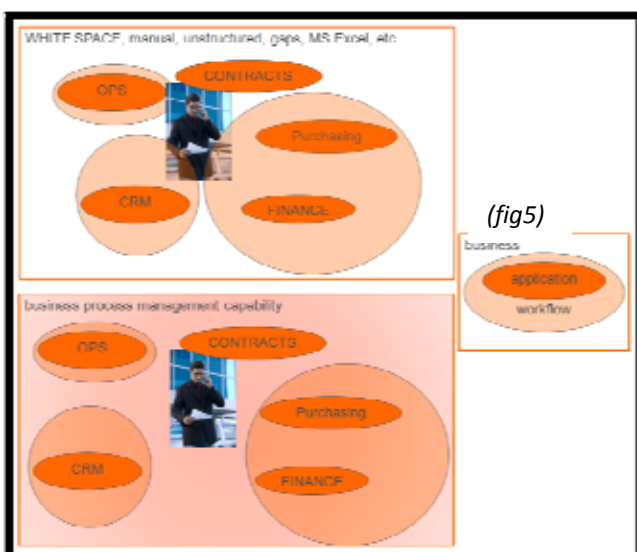
(fig6)

A BPMS is application agnostic, it doesn't care, it removes non domain users from underlying applications. It provides a common easily understood way to initiate or action. It removes training, licensing, simplifies change management, and shares a common framework for reporting and maintaining users.

See figure 5. In this example, Jim works in Contracts Department and is responsible for managing some customer contracts, suppliers, and rostering operational staff. He has some financial delegations to approve project expenses. The Contract Department use a Contracts application with a native workflow capability. Finance comes with a fully integrated purchasing module. The CRM and Operations systems have some limited workflow.   In figure 5 Jim finds himself a user of three different workflow capabilities and the Contracts application. He is licensed to the hilt and several system administrators and trainers regularly maintain or train him. Jim considers he has to know too much given his needs. Jim has no idea how to prioritise across these different platforms. Jim still uses countless Access and Excel worksheets to plug the gaps.

See figure 6. Jim still continues to do his day to day work in Contracts but now a BPM framework services his requests and actions across the other systems. It has also done away with his Excel based forms and Word templates. All his tasks and activities are presented in one uniform way. Jim now finds it easy to keep tabs on work requests particularly interdepartmental. Jim feels he can effectively prioritise. Jim is set up in Contracts, still his "line of business" application and only once in the BPMS and so the administrator is happy.   Jim is productive with little or no training.

#6 A common framework for reporting

Now let's qualify this statement. What I mean is if processes are being coordinated through a BPMS capability then one advantage is you can start to measure and report against them individually and comparatively. How effective is your on boarding process compared with your contract establishment process? Can they be measured, are they comparative? Well yes in terms of the quantum of resource and effort they employ, in terms of the number of successful outcomes, etc, a process is a process is a process. In fact you can start to see things that were never visible before like the number of times something didn't eventuate or the most effective course taken to get the desired result. Most transaction based systems report on a result, the number of times a record was changed and not what happened

#7 End to end visibility

Now most applications have their own time stamped audit trails and details on the who and when; And obviously there are reporting options that can run across applications or on aggregated enterprise data. The beauty about managing a process through a BPM framework is you get one single coherent audit trail. Take on boarding again, the process may have its origins in Operations and wind its way back having been tic tac toed between 3 core business applications and a lot of paper based activities supporting the handoffs between these. Bringing this into a process managed framework would mean you can measure and report across all these steps. Imagine an audit trail covering this; imagine the process dimension from a business intelligence view point.

#8 Question the rip it out and start again!

Large capital expenditure with its equally large scale business disruption vs. getting more from your current applications through continuous process improvement? The answer is to leverage investments already made and protect your strategic expenditures. Again some BPM enablers are great integrators and can work over your applications; so don't wait for enterprise wide SOA and the eventuality that all your vendors will be offering up their applications through services. It's a bit like waiting for every business to have an email and a web site in those early days. It will take years for SOA to become pervasive enough that it becomes the standard across your business. You need smart technologies that are equally at home working with an enterprise SOA BUS as they do a SQL table, csv file or SOAP interface, etc,etc.

#9 The agile final mile

Typical applications are constrained within functional boundaries, relying on degrees of configuration to meet different customers' requirements, beyond that you place your needs in a queue of enhancement requests and wait or resort to work a rounds. What do they say? Only 20% of application functionality is used by a customer; and what's more how many times the 20% you don't have that makes the competitive difference. BPM can add that missing % and plug that gap. It can give you the flexibility to truly align your systems and processes to business objectives now and at any point in time. A good BPMS is agile enough to innovate and then propagate these important differences across your business in a structured way without resorting to a high maintenance bespoke development nightmare.

According to Gartner "Enterprises adopt BPM because they anticipate frequent process changes. From our primary research survey, more than two-thirds of organizations using BPM do so because they expect to need to change business processes at least twice per year. By itself, this finding is unsurprising; processes do change from time to time; however, 18% of companies said they needed to change processes at least monthly, and 10% said processes changed weekly. Another theme that emerged from this data was the impact of unforeseen events on organizations — 16% of companies using BPM (or planning to do so) expected to need to alter processes ad hoc in response to some triggering event. It is not practical for IT professionals only to change processes daily or weekly".

#10 Mind the gap, the white space

Where can you typically find the quick wins? Well the low hanging fruit is often replacing the proliferation of unstructured systems that fill the gaps between your applications. Paper based forms, Word templates, spreadsheets, etc, etc. The role they play may not warrant investment in an application but frequently they all add up to a significant overhead to the business. A BPMS provides a single central and managed repository for them all. And do remember you need to balance quick wins with strategic wins to get the big returns.

Summary

So BPM is relevant to the mid tier; just use an appropriate definition. It's about sustainable and continuous improvements within one management framework leveraging of your current systems and people. The selection, definition and execution of these improvements can be done as part of the 'normal running' of the business with the overall objective of helping it meet its strategic objectives. Business Process Management Suites do exist for the mid tier well suited to the job.

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