

Business Process Management – Insights and Practices for Sustained Transformation

IMRE HEGEDUS



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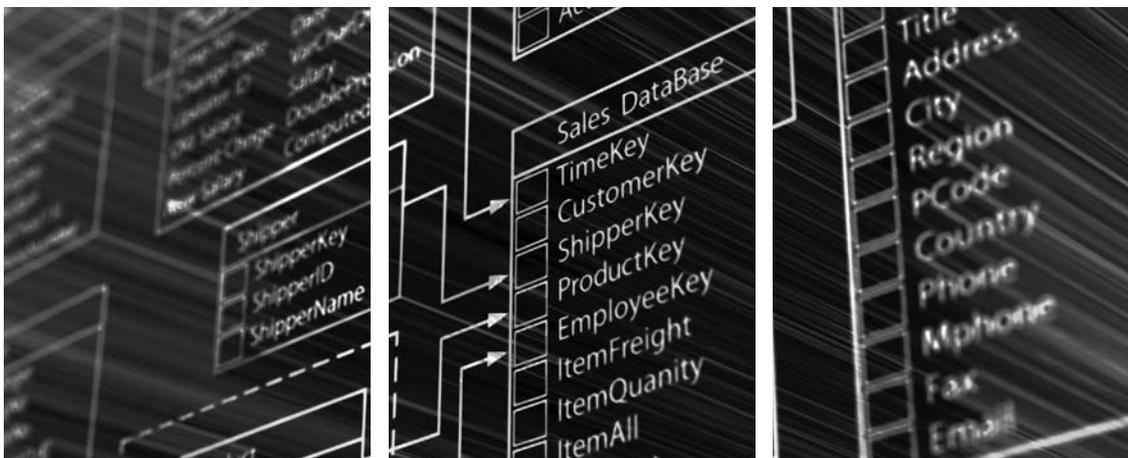
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Executive summary

THERE SEEM to be countless perspectives on business process management (BPM). This report brings together the key themes of this exciting and rapidly-moving practice by exploring the strategic, operational, business, human and technological dimensions. The report draws upon industry research and practices, as well as personal insights and models, to assist in communicating what can be complex dimensions in a simple, business-oriented fashion.

The report provides a practical reference tool for business executives who have been charged with some aspect of process and change management for their enterprise. It draws together various perspectives on BPM and has been compiled through:

- Reference to industry analysis, articles, whitepapers and texts;
- Reference to recent surveys focusing on both the business and technical aspects of BPM; and
- Personal experience both as an internal change agent and as a consultant seeking to embed lasting change through process-based thinking and management.

The report is written with the assumption that readers will be from various business disciplines, enterprises and have varying degrees of understanding of the topic. As such, it highlights methods, models and tools that will serve as a reminder for the more experienced process professional while

providing foundation-level understanding for those new to the field.

Chapter 1 outlines the scope of BPM in terms of what it is and why an enterprise would engage in it. It gives a sense of the various dimensions and definitions of the term and introduces BPM in relation to the function management of an enterprise.

Chapter 2 describes the enterprise context for BPM. A contemporary view of the enterprise is required to frame the key elements of BPM and, hence, this chapter sets the scene for the rest of the report by introducing the 'enterprise as a system' framework. The key elements include technology, people, structure and, of course, process. These are put in context by strategy, results, culture, values, suppliers and customers. The aim of BPM is to integrate these elements for the benefit of the customer and the enterprise. This is a difficult undertaking, as there are breakpoints that exist between the various enterprise elements. Methods by which these breakpoints may be identified and addressed are considered. The chapter then concludes with a focus on the relationship between processes and delivering customer value, a primary goal for BPM.

Chapter 3 focuses on comparing and contrasting BPM and process improvement (PI). PI methodologies have been around for many years, and businesses tend to be familiar with PI methods and techniques, though very few have fully matured their application of project-based PI methods to

enterprise-wide BPM. Understanding how BPM and PI relate to each other is a key step towards successful and sustainable BPM deployment. This is particularly relevant given the high profile and widespread use of the 'Six Sigma' and 'Lean' PI methods that are now seeking to find their next evolutionary step in the process jungle. The chapter also gives an overview of 'Six Sigma' and business process re-engineering (BPR). Whether an enterprise is approaching BPM top-down or bottom-up through PI initiatives, a series of prompting questions are included to guide possible deployment paths. The term 'process management' is used to describe the situation where specific processes are being managed, but enterprise-wide BPM is not in place. The sustainability of PI efforts, as well as a BPM deployment is reliant on both capabilities being part of a single transformation effort.

In Chapter 4, BPM capability is discussed as a means to evaluate current-state maturity, and as a guide to realise the desired future-state. This chapter reviews business excellence frameworks (BEFs), the standards certification approach to realising capability, and capability maturity models. The now ubiquitous five-tier maturity continuum is described by the capabilities each level delivers and the characteristics that each level exhibits. A distinction is made between BPM capability (the enterprises ability to manage processes) and process capability (the performance of specific processes). The BPM capability-gap describes the difference between these two measures of maturity, and is recommended as being the focus of change agents, in order to achieve continuous, sustained improvements.

Chapter 5 details the various artefacts produced in the transformation to a process-oriented enterprise. These include the

process architectures and process reference models. Process-architecture types are discussed, as are the considerations to be made when using reference models. Process accountability matrices and process measurement are described in detail.

Chapter 6 outlines the significant role that process technologies play in ensuring that BPM remains of significant business focus across the globe. Technology solutions assist in all phases of the process lifecycle, from design through to management, and may be integrated into a BPM system (BPMS). The BPM technology market is strong and growing, though the requirement for the business to be capable of leveraging the technology benefits is paramount. The use of such tools is discussed using survey data, and the future of BPM technologies is examined.

Chapter 7 offers guidance on making the business case for BPM. Survey findings are used to describe the drivers for undertaking BPM, the types of process-related initiatives underway in various enterprises, and the sorts of investments that are being made to become process-oriented. The benefits of a process-orientation to some are intuitive, but this is not the case for the majority of people employed in a functional organisation. The remainder of the chapter explores means that can be used to make the case for process-driven change.

The predominant focus of BPM tends to be on processes and the technologies that enable them. The actual goals of BPM, however, require a significant paradigm shift in the culture of an enterprise and Chapter 8 focuses on achieving this. Change itself is a process that influences and is enabled by people, process and technology. The elements of the 'enterprise as a system' framework introduced earlier in the report are used as guides to the considerations

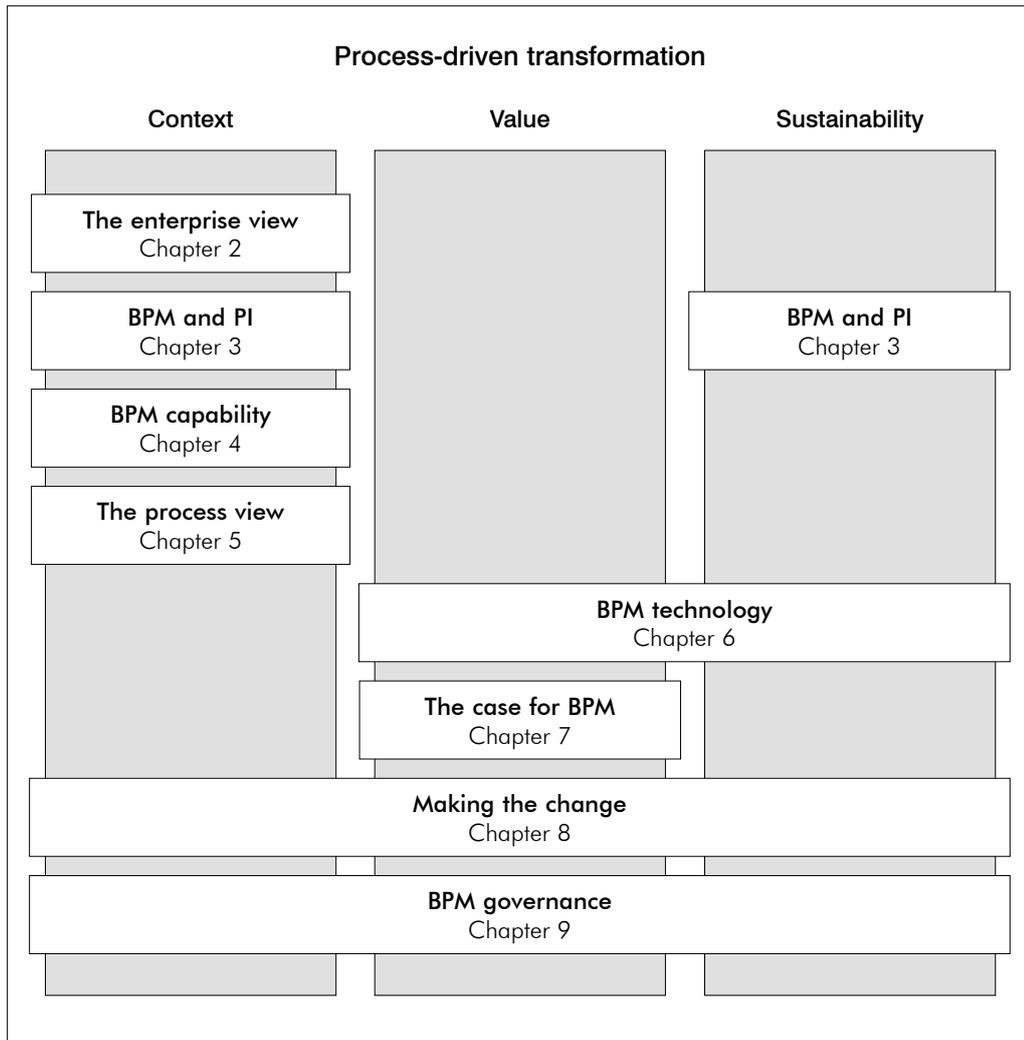


Figure 1: Report structure

for effective change. The use of metaphors in the language of change emphasises the need to continually reinforce the systemic view to achieve a process-orientation. The focus on the human elements of process change continues with sections on influencing people, performance management and culture. Once an enterprise gets serious about becoming a process-oriented business, the actual deployment plans need to be well-developed and recognise the specific business goals,

culture and industry-specific dynamics. The chapter concludes by suggesting a phased shift from PI to BPM.

Throughout the process journey, the ability to facilitate change and enforce standards rests with the way in which the deployment program and the ongoing management of processes are governed. Chapter 9 addresses BPM governance and brings together many of the previously-raised topics from the perspective of how they must be managed. Throughout the BPM

lifecycle, the style, structure and role of BPM governance will change to suit the needs of the specific phase. The report assumes that a BPM Centre of Excellence (CoE) will take a lead role in the governance efforts. A framework for good BPM governance is proposed.

Process-driven transformations are like any other in that they must first set the scene well (context), the drivers of change must be clear and convincing (value) and the ultimate measure is a 'new business as usual' (sustainability). Figure 1 illustrates the report structure.

Throughout the report, notes are included on BPM methods, survey data and findings, models and case summaries, to assist in conceptualising and managing a BPM deployment program. Survey data is also referenced heavily to assist those enterprises beginning to explore the ways in which they can engage in the field and benefit the most from it. Empirical research from others' experience can provide valuable insight into the learnings and pitfalls of embarking on the process journey.

Resources and research

The report draws on personal experience as the basis for the structure, premises, models, methods and recommendations. Some 15 years' corporate experience as an internal change agent and senior executive in the ICT industry, coupled with recent consulting experiences in the Australasian region, has established the foundations for this report. In addition, a breadth of writings on the theory and application of process and change management, plus select industry analysis, is included in the report.

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Dedication

For Amanda and Phoenix

