

Part I

Frequently asked questions

*The important thing is not to stop questioning
(Albert Einstein)*

As explained in the Introduction, Part I is aimed at an executive level of questions and takes a holistic view to a process-centric organization. These questions do not all need to be addressed before an organization commences its BPM journey; however, somewhere along that journey they will need to be reviewed.

Part I starts with providing an understanding of why some people find Business Process Management (BPM) a little confusing and why it is different from what has come before – the questions ‘How do we demystify BPM?’ and ‘What is BPM?’ are answered in Chapters 1 and 2.

In our experience of implementing BPM projects and programs within organizations, it is important to improve the processes before automating them. This is addressed in Chapter 3.

For an organization and for management, it is important to have an understanding of when you should do BPM and what the main drivers and triggers are. Once management has determined that a BPM project is a good thing for them to do, they need to ask who should be involved. These aspects are covered in Chapters 4 and 5.

There is much literature about aligning BPM with the organization’s strategy and the need for a process architecture, and Chapter 6 explains why these points are so important.

It can be difficult for BPM enthusiasts within an organization to successfully sell the concept to management. In Chapter 7, we have asked a successful European alliance manager of a large BPM software organization to tell us how it sells BPM to other organizations.

Finally, we address three important questions in Chapters 8, 9 and 10, respectively:

- What are the critical success factors in a BPM project?
- What are the critical implementation aspects for a BPM solution?
- Why do you need a structured approach to implementing BPM?

All human progress is preceded by new questions



Chapter I

How can we demystify business process management?

Brief history of business process management

The road to Business Process Management (BPM) has been a difficult one that has gained from the successes and failures of various other attempts at achieving process-based organizational efficiency.

Perhaps it is worthwhile taking a few moments to understand a very brief recent history of management's focus on business processes.

In the 1980s there was a considerable focus on Total Quality Management (TQM). This was followed in the early 1990s by Business Process Reengineering (BPR) as promoted by Hammer and Champy (1990). BPR had a chequered history, with some excellent successes as well as failures.

Following BPR in the mid- and late 1990s, Enterprise Resource Planning (ERP) systems gained organizational focus and became the next big thing. These were supposed to deliver improved ways for organizations to operate, and were sold by many vendors as the 'solution to all your problems'. The ERP systems certainly did not solve an organization's process issues, nor make the processes as efficient and effective as they could have been. Towards the end of the 1990s and in the early 2000s, many Customer Relation Management (CRM) systems were rolled out with extensive focus on the customer view and customer experience. While this provided focus on the front office, it did not improve the back-office processes. More recently, Six Sigma has started to come into its own.

According to Hammer (1993), 'Coming up with the ideas is the easy part, but getting things done is the tough part. The place where these reforms die is . . . down in the trenches' and who 'owns' the trenches? You and I and all the other people. Change imposed on the 'trench people'

will not succeed without being part of the evolutionary or revolutionary process:

Forceful leadership can accomplish only so much. The shift from machine-age bureaucracy to flexible, self-managed teams requires that lots of ordinary managers and workers be psychologically prepared.

(Hammer, 1994)

The next big thing (or how mystification begins)

Now, we have BPM, yet another three letter acronym!

So why is BPM considered the ‘next big thing’, and why do the ‘next big things’ invariably come and go?

There are usually four steps to the creation of a ‘next big thing’:

- 1 The concept promoters (vendors/analysts, etc.) hype it up to the market in their advertising, sales pitches, promotional materials, research and successful case studies.
- 2 These promoters then tend to disparage all the ‘old big things’ that have preceded it, and promote the new big thing as simply the best.
- 3 The next step is to make the ‘new big thing’ very simple, so that the decision-makers can understand it, the message being that it is not complicated and can be easily implemented.
- 4 Finally, the promoters (vendors in particular) market their existing products and service offerings with this new label (in this case BPM), even if the offerings do not meet the generally accepted definitions of the label. This leads to there being almost as many definitions of the label as there are vendors.

In this case, the new label is ‘BPM’ and the same problems are beginning to emerge. If you examine the historical ‘next big things’, there is a common thread running through them: they are all about business processes and trying to make them better.

Vendors and consultants all latch onto new ideas, which are often extremely good, and hype them up until the idea matures and is able to be used or implemented in a sustainable way.

BPM hype cycle

The BPM hype cycle in Figure 1.1 shows a summarized view of how the process cycle has progressed over the last two decades.

Six Sigma was invented in 1986, and created an awareness of ‘processes’. This was followed in July 1990 by Hammer and Champy’s (1990) *Harvard Business Review* article ‘Don’t automate, obliterate’, and the BPR movement started. While BPM has been around for some time, *BPM: The Third Wave* (Smith

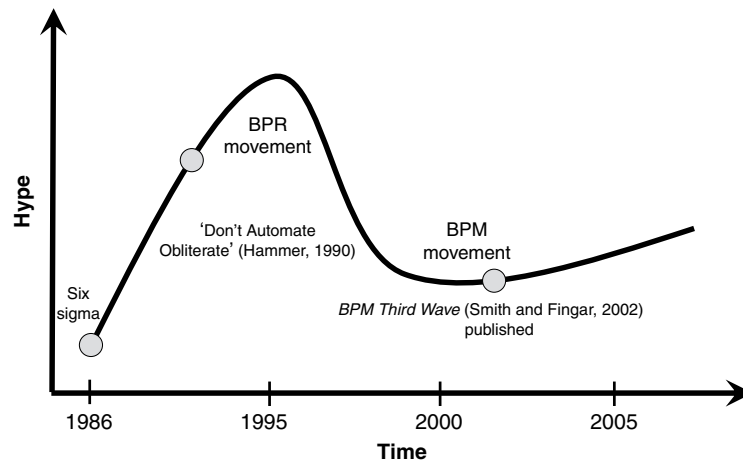


Figure I.1
BPM hype cycle.

and Fingar, 2002) created significant interest and discussion; it could now be argued that BPM is the most important topic on the management agenda.

What is mystifying about BPM?

BPM is advocated by its proponents as being different from and better than what has been available in the past. The major advantages promoted are outlined in Table 1.1, as are our comments supporting or refuting them.

Table 1.1

Promotion v. reality

BPM major 'mystifying' points versus Reality

- 1 BPM is better than the past options for process improvement. BPM has certainly raised the visibility of process improvement for many organizations. BPM has also focused many academics and consultants back onto processes and several organizations have been created solely to focus on process (e.g. BPML.org/BPM Group). This is definitely a good thing, as the discussion on standards and BPM in general continues to raise its profile and maturity in the marketplace. Learning from past experience, such as BPR, has also been taken into consideration. *The key point is that BPM is only as good as the buy-in you get from the organization and management.*
- 2 BPM uses new and better technology. There are far too few fully automated enterprise-wide BPM implementations to validate this claim at this point in time. In our experience, technology should not be the initial focus in a BPM implementation. The initial work should relate to reviewing the current processes with a goal of increased efficiency and effectiveness (the importance of establishing process goals is discussed in more detail in

(Continued)

Table I.1 (Continued)

	Chapters 14, 15 and 17). While these new improved processes <i>could</i> (if appropriate) contain suggestions for automation, significant process improvements can be achieved without the use of technology. <i>People become carried away with the ‘bells and whistles’ and look at what the technology could do for the organization, rather than what it needs to do for the organization.</i>
3	There is a robust methodology to support BPM. There are methodologies for parts of BPM, and few fully developed methodologies for the implementation of a complete BPM solution. <i>Be careful: a methodology or framework can be a millstone as much as a saviour, it is how you use it that matters.</i>
4	BPM is simple (and, in fact, often oversimplified). BPM is anything but simple. There are many components and elements to a BPM implementation, and one of the purposes of this book is to explain this in more detail. <i>You do not need to solve all the organizations process problems in one go with BPM. Start small, with one project. As the organization matures, BPM can be expanded.</i>
5	External people are needed to implement BPM. This very much depends upon the maturity of the organization and the skill levels and experience within an organization. <i>Certainly external consultants can assist either in a coaching or in a consulting role if the organizational maturity and/or skill levels are not sufficient. An experienced external BPM project manager can provide significant project focus that, sometimes, internal project managers are unable to bring to a project.</i>

BPM is not a simple concept nor is it simple to implement – it is extremely complex and difficult.

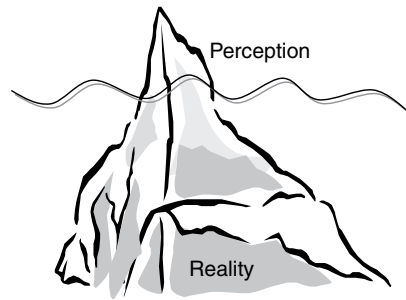
While the introduction of technology can be a useful contributor for many organizations, BPM does not always need technology to be successful. It is far more important to get your processes right *before* you consider the implementation of technology.

The iceberg syndrome

Icebergs typically only show about 10 percent of their mass above the water. BPM is often like an iceberg; people and organizations only see what is above the water. The interesting observation is that what appears above the surface depends upon the viewer’s perception. For example, a vendor sees technology above the surface; a process analyst sees the processes; human resources sees change management; IT sees the technology implementation; business management sees short-term gains (quick wins), cost reductions and simple measures of improvement; and the project manager sees short-term completion of project tasks and the deliverables of the project.

People often see the ‘perception’ component as the completion of ‘pretty pictures’ or process models, whereas ‘reality’ is addressed in the

Figure 1.2
Perception, the tip
of the iceberg called
'reality'.



implementation of these processes and the achievement of business benefits. An excellent strategy is of no use unless it is well executed.

Unfortunately, a BPM implementation is a multi-faceted activity, and Figure 1.2 shows that 'reality' is what appears below the water line. Unless all the 'reality' associated with a BPM implementation is addressed, the risk to the project increases. This 'reality' needs not only to be addressed, but also made visible to the organization. A ship could cruise very close to an iceberg on one side and not hit anything, and yet do the same on the other side and sink. *The visibility of issues and activities is an important part of addressing them.*

We will now briefly explore one of these 'realities'

Exploring 'reality'

The most important component in any BPM implementation is the management of organizational change and the associated people (staff) impacts. As mentioned earlier, the implementation and its success are owned by the people in the trenches. People and their engagement in the implementation are critical, and a holistic approach in meeting the people, cultural and 'process factory' aspects of managing an organization is crucial. The key to engaging the people in the trenches is leadership from their line managers. These line managers must be engaged first. The project manager or project team cannot achieve people engagement on their own. (Note: so what is a 'process factory'? Any organization that has a back-office operation that processes a large volume of throughput and has a large number of hand-off points could be referred to as a process factory.)

It is the people who will determine the success (or otherwise) of your BPM project. You can have the most effective and efficient new or redesigned processes in the world, but unless you can convince people to use them efficiently or at all then you have nothing. People need to be included as an integral part of the development journey. They need to be consulted, listened to, trained and communicated with on a regular basis. If they do not understand the processes, the reasons for the new processes and why changes to the existing processes are necessary, how do you expect people to take ownership and responsibility for them?

People need to understand clearly what is expected of them and how they fit into the new structure and processes. Their performance measures need to be developed in consultation and agreement with them.

What is the role of management in the transformation? While it may seem obvious that managers need to *manage* the operation of the organization and process factory, this is in fact *not* what most managers do in their current positions. In our experience, with rare exceptions, today's managers spend most of their time reacting to critical situations and treating the symptoms and not the causes – commonly referred to as 'crisis management'.

This is not to be critical of managers. In general, they are well-meaning and hard-working individuals who generally do a great job with the tools they have to work with. There needs to be a considerable effort in any BPM project to work with the management and determine what information managers require to *manage the business*. You need to ensure that there is a deep and thorough understanding of how the business operates; what reports are required, and how to provide information in a timely manner, to enable managers to move from reactive to proactive management and then to predictive management. It is this journey of management maturity that provides the organization with a long-term continuous and sustainable increase in productivity.

Change management and performance measurement

The people change-management components of projects need to address the organizational culture and modify it towards a new set of management behaviors that will translate into the behaviors of the people they manage.

To support the drive to implement cultural change, management incentives need to be aligned with the management information available, the process goals and organizational strategy. Incentives and targets via performance measurement need to be well known and realistic. They must also allow the best performers to overachieve, and the rewards need to be worthwhile. This does not always translate as money incentives; human resource departments can be very creative in providing other non-monetary options. The challenge is how to measure this change in an effective and acceptable way.

Conclusion

Many people are still confused about what constitutes BPM, which is not surprising when the BPM community itself has not yet agreed on a common definition and approach. BPM is all about the efficient and effective management of business processes – people are at the center of business processes, so make them part of the solution. As Stephen Schwarts, from IBM, stated so well: 'We had improvement programs, but the real difference came when we decided it was no longer a program, it was a business strategy'. We believe this is one of the keys to a successful BPM implementation. Without trivializing the work involved in the implementation, the project is the easy part. It is the institutionalization of process improvement as a fundamental management practice that is the key, and this cannot be effectively achieved without the ability to *manage* your processes proactively and predictively.