

Achieving Process-Based Management

In this paper we explore the nature of Business Process Management (BPM) and how the BPTrends' methodologies are used to effect true process-based management.

Why Process-Based Management?

Business processes are the conduits through which organisations deliver value to external customers, themselves and other stakeholders. Functional areas alone are not able to deliver such value. Every organisation executes its strategic intent via its business processes.

The profound sequence from strategy to execution is as follows.

- ✓ Organisations exist to deliver value to customers and stakeholders. *That's strategy.*
- ✓ They do this via a series of coordinated activities across a number of functional elements of the organisation. *That's a process.*
- ✓ It makes sense to optimise these processes so that they satisfy the requirements of customers and other stakeholders. *That's process improvement.*
- ✓ Taking a coordinated view of the performance of the processes by which an organisation delivers value, optimises performance. *That's process management.*
- ✓ Process management allows organisations to focus on processes that create the market differentiation described by the strategy. *That's execution.*

There is a finite number of persuasive compelling reasons for adopting process-based management. Every organisation that adopts a process-based management approach does so because one or more of these reasons resonates with its circumstances. The set of potential causal reasons is quite small.

1. **Reduce costs, remove waste.** Why waste time and resources doing unnecessary things or doing necessary things the hard way?
2. **Avoid opportunity losses.** Deeper understanding of processes and their relationships reduces the chance of missed opportunities.
3. **Improve customer service (value delivery).** Business processes are the only way any organization can deliver value to its customers.
4. **Increase organisational agility.** Change demands understanding. Big change and fast change demand intimate understanding.
5. **Improve risk management.** The more you understand a process the better you can predict and protect its weaknesses.

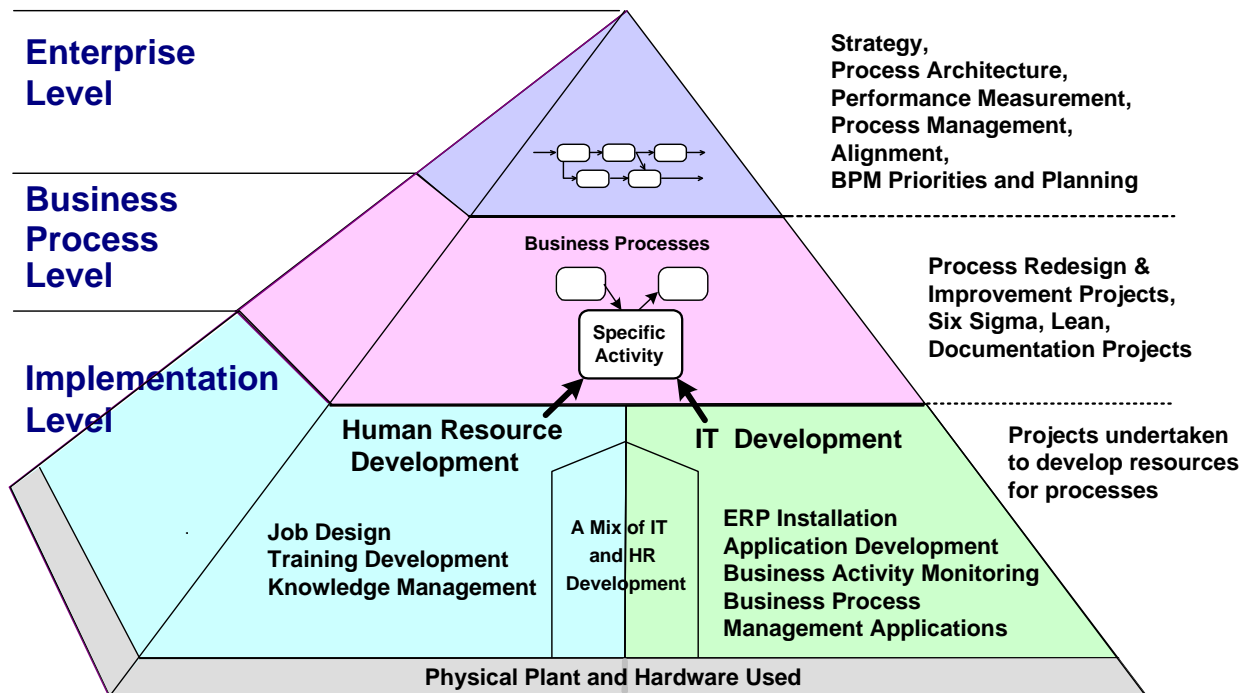
6. **Improve compliance management.** Effective ongoing compliance management is an automatic consequence of a managed business process architecture.
7. **Document processes.** Simply documenting a process provides new understanding and reference material for training and review.
8. **Process consistency.** Documenting how a process work provides a clear guideline for how that same process should be executed everywhere in the organisation.
9. **Protect intellectual capital.** The fragile and portable heads of key staff members is not a good place to store an organisation's intellectual capital.
10. **Support contingency planning.** Process-based management focuses the development of contingency processes on the things that will matter in a crisis.
11. **Improve strategy execution.** Business processes are the way in which every organisation executes it's strategy.
12. **Reduce complexity.** Unnecessary complexity in any aspect of an organisation is a handicap to optimum performance.
13. **Improve IT outcomes.** The purpose of IT systems is to support the execution of business processes. How can that happen without shared process understanding?
14. **Improve effective performance measurement.** A process-based management approach allows us to measure the full set of things that really matter.
15. **Support staff to achieve success.** If "people are our most important asset", why do we so often frustrate them with broken processes.

The roadmap for achieving process-based management is straightforward. Some parts of the journey can be difficult but the destination provides a revitalised view of the organisation and its customers and a framework for optimising the value that moves between them. The key waypoints on the journey are:

1. Communicate a BPM vision, drawing on the set of compelling reasons.
2. Develop a hierarchical model of the organisation as a set of business processes.
3. Determine performance measures for each process in the hierarchical model.
4. Establish measurement methods and publish process performance data.
5. Assign process owners to be accountable for the performance of each process.
6. Support process owners in their proactive management of process performance.
7. Continuously improve the performance of thoughtfully targeted processes.
8. Create common processes, ie remove variation, where appropriate.
9. Re-communicate the BPM vision and successes to date at every opportunity.
10. Build capability for process-based management throughout the organisation.

The BPTrends Pyramid

BPTrends Associates conceptualises the entire business process change and management effort as something that occurs at three different levels within a mature process-centric organisation. The three broad categories or levels are illustrated by means of the BPTrends Pyramid pictured below.



Enterprise Level Concerns

At the Enterprise Level, organisations seek an overview of all their business processes and an understanding of how their processes are aligned with strategies and how they are measured. Many organisations have a Business Process Group or BPM Centre of Excellence that manages enterprise process resources and helps senior management to analyse problems and prioritise and schedule interventions at the Process Level.

At the Enterprise Level, we have the “*enterprise-in-focus*”.

Process Level Concerns

At the Process Level, organisations seek to improve or redesign specific business processes. The focus at the Process Level is on undertaking process improvement projects to achieve beneficial, measurable changes in specific processes.

At the Process Level we have the “*process-in-focus*”.

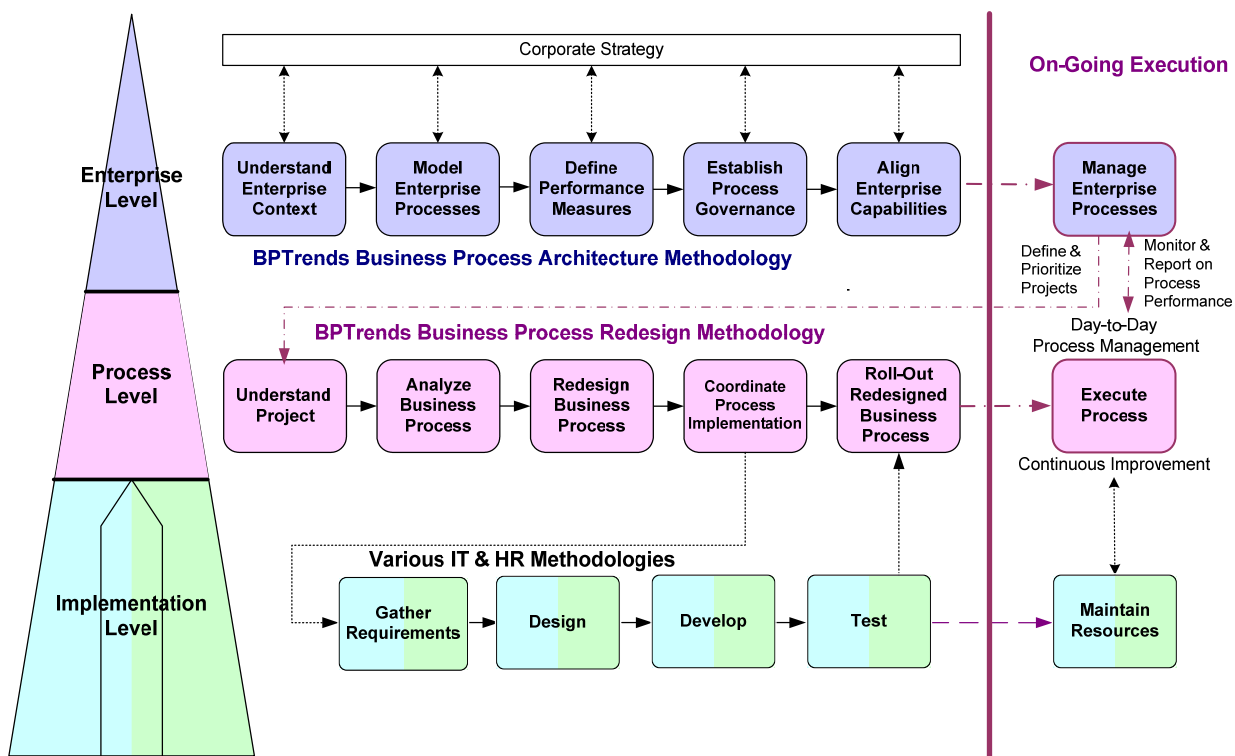
Implementation Level Concerns

At the Implementation Level, support organisations develop programs and tools required to improve processes. Thus, for example, HR may hire new employees with specific skills or create training programs to provide employees with new skills. Similarly, IT develops software applications to automate specific activities or to support employees in the performance of their responsibilities.

The Implementation Level we have the “*project-in-focus*”.

Methodologies

Carefully designed methodologies are used at each level as shown in the following diagram and described below.



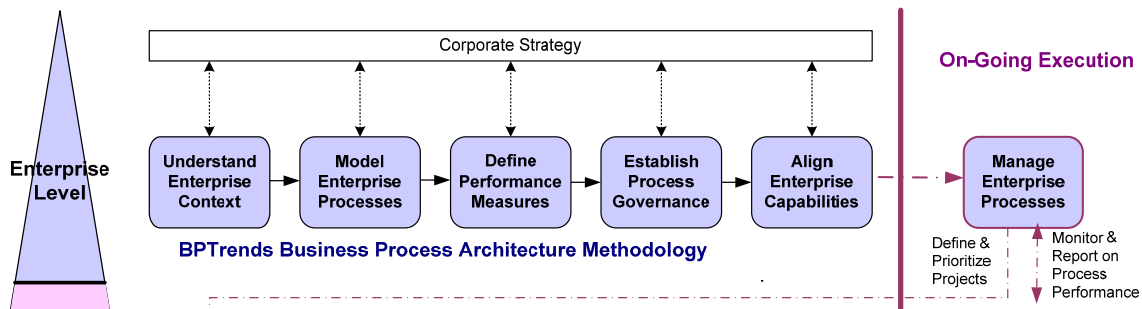
In each methodology an important distinction is made in the purpose of work done on either side of the red vertical line. On the left of the line the work involves analysis and development of processes and their management structures.

Day-to-day operation, ie process execution, is shown on the right hand side of the line.

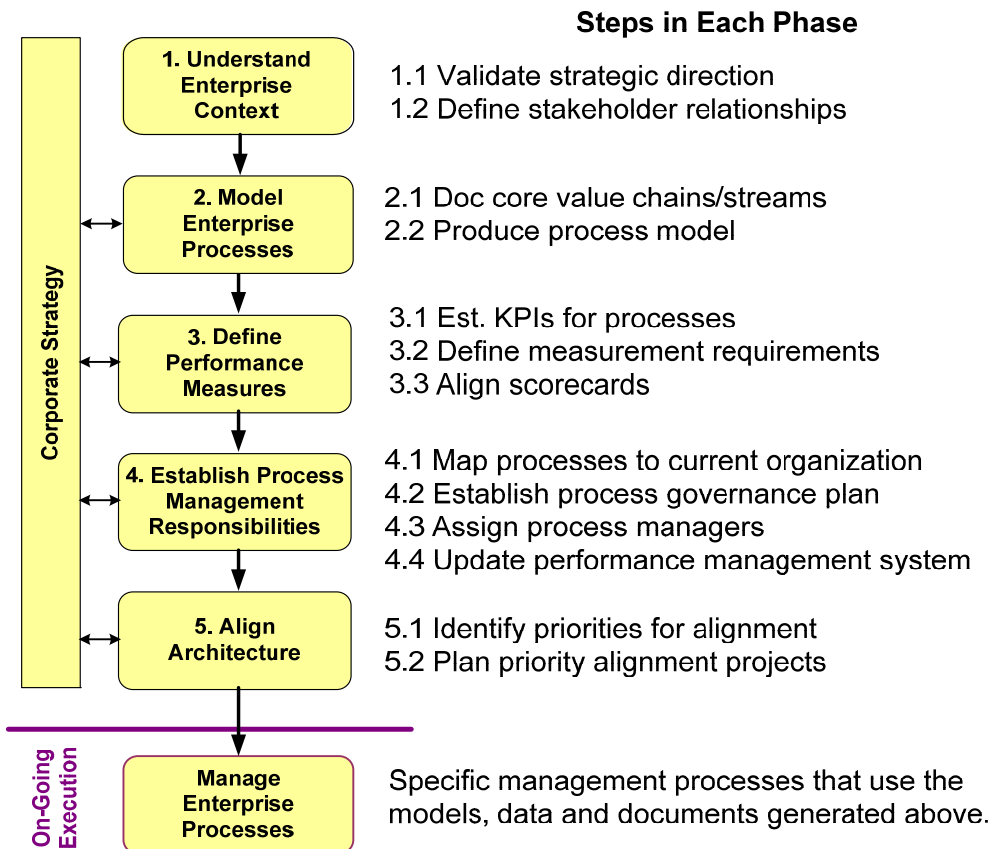
This material is based on the world class curriculum developed by BPTrends Associates. At the website www.bptrends.com, BPTrends provides the most comprehensive and trusted source of BPM information.

Enterprise Level Methodology

At the Enterprise Level we first understand the strategic context and the overall business environment. Modelling at the Enterprise Level involves the documentation of the first levels of the enterprise process hierarchy. If each process is to be managed, we need to establish target measures and assign accountability for performance outcomes. Finally we need to be sure that our process work aligns with other elements of organisational design.

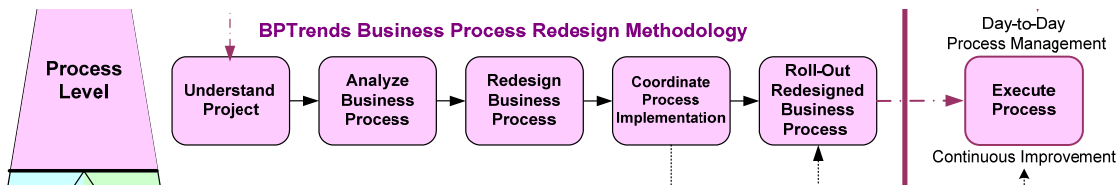


The purpose of each phase of the Enterprise Level methodology is summarised in the diagram below.

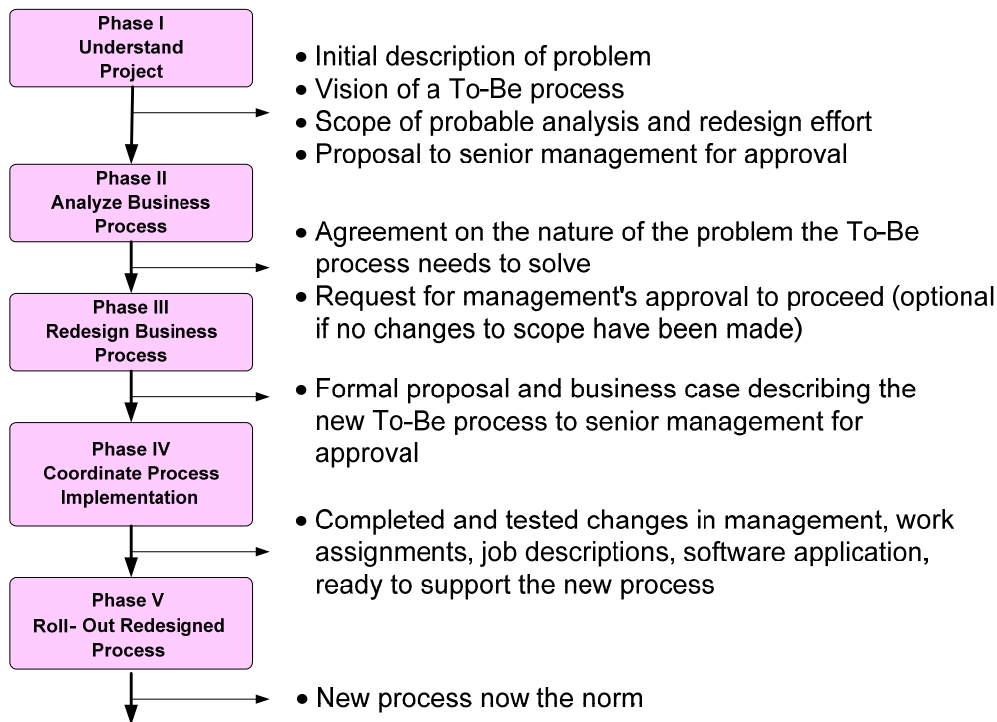


Process Level Methodology

At the Process Level we are conducting projects to look at a specific process with a view to improving its performance in some way. In the Understand and Analyse Phases we are working with the current , or As Is, process. We create the future, or To Be, process design in the Redesign phase. Changes are implemented and rolled out in the final two phases.



The outcomes of each phase of the methodology is shown in the diagram below.



Implementation Level Methodologies

Different methodologies are used at the Implementation and Rollout phases depending on the nature of the changes to be made. These changes might cover a broad spectrum, for example: applications development, job redesign, facilities procurement, training.

For further information contact Roger Tregear at r.tregear@leonardo.com.au or at +61 (0)419 220 280.