

BUSINESS PROCESS MANAGEMENT

Practical Guidelines to Successful
Implementations

JOHN JESTON



Fourth edition



BUSINESS PROCESS MANAGEMENT

Business Process Management, a huge bestseller, has helped thousands of leaders and BPM practitioners successfully implement BPM projects, enabling them to add measurable value to their organizations. The book's runaway success can be attributed partly to its overview of all major useful frameworks (such as LEAN and Six Sigma) without over-investment in one over another, and a unique emphasis on BPM's interrelationship with organizational management, culture and leadership. Its common-sense approach teaches how BPM must be well-integrated across an entire business if it's to be successful: augmented and aligned with other management disciplines.

This highly anticipated fourth edition brings Jeston's practicable frameworks and solutions up to date with the latest developments in BPM, including the robotics process automation, digital strategies and the changes necessary as a result of the impact of the quad generations in the workforce.

This thoroughly revised and updated new edition includes:

- Enhanced BPM House noting the importance of traceability from strategy to execution activities
- New and revised case studies
- An analysis of the risks and benefits of robotic automation and cognitive computing.

The book highlights that millennials will be 50% of the global workforce in 2020 and 67% by 2025—Jeston warns managers to ignore them at your peril. Business processes and the way work is performed must evolve!

This book will prove to be an indispensable guide to any senior business executive or chief financial officer while providing practical BPM examples to undergraduate and postgraduate students alike.

John Jeston has over 40 years' experience in senior executive and consulting positions. He runs an international consultancy, Management By Process Pty Ltd.



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To my family

Yvonne, Brittany, Cassie, Connor and Kurt



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FOREWORD

This book shouldn't be unusual, but it is. It should have been written a long time ago, but it wasn't. All books on business process management (BPM) should be similar to it, but they aren't. Books that purport to tell people in organizations how to do something should be this clear, but they seldom are. Process management should have already been demystified, but it hasn't been.

What's exceptional about the book is its extraordinary common sense. It suggests seemingly prosaic ideas, such as that multiple different levels of process change are necessary under different circumstances, and that technology alone isn't sufficient to bring about process change. These ideas seem obvious, but they are not often encountered in the world of BPM. In fact, in order for you fully to appreciate the virtues of this book, you need to know something about what's wrong with BPM.

A BRIEF HISTORY OF BUSINESS PROCESS MANAGEMENT

The idea that work can be viewed as a process, and then improved, is hardly new. It dates back at least to Frederick Taylor at the turn of the nineteenth century, and probably before. Taylor and his colleagues developed modern industrial engineering and process improvement, though the techniques were restricted to manual labor and production processes. The Taylorist approaches were widely practiced in the early 1900s, but were largely forgotten by mid-century.

The next great addition to process management was created by the combination of Taylorist process improvement and statistical process control, by Shewhart, Deming, Juran and others. Their version of process management involved measuring and limiting process variation, continuous rather than episodic improvement and the empowerment of workers to improve their own processes. It turned out that Japanese firms had both the business need—recovering from war and building global markets—and the discipline to put continuous improvement programs in place. Other firms in other societies have adopted continuous improvement and “total quality management” based on statistical principles, but it requires more discipline than most can muster.

Toyota, in particular, took these approaches and turned them into a distinctive advance in process management. The Toyota Production System (TPS) combined statistical

process control with continuous learning by decentralized work teams, a “pull” approach to manufacturing that minimized waste and inventory and treating every small improvement in processes as an experiment to be designed, measured and learned from. But few firms have been able to successfully implement the TPS, and even Toyota has had more success with the approach in Japan than in its foreign plants. A somewhat less stringent approach to the TPS is present in the “lean” techniques that many American firms have recently adopted.

The next major variation on BPM took place in the 1990s, when many Western firms were facing an economic recession and strong competition from global competitors, particularly Japanese firms. Business process reengineering added, to the generic set of process management ideas, several new approaches:

- the radical (rather than incremental) redesign and improvement of work;
- attacking broad, cross-functional business processes;
- “stretch” goals of order-of-magnitude improvement;
- use of information technology (IT) as an enabler of new ways of working.

Reengineering was also the first process management movement to focus primarily on non-production, white-collar processes such as order management and customer service. It did not emphasize statistical process control or continuous improvement. Many firms in the USA and Europe undertook reengineering projects, but most proved to be overly ambitious and difficult to implement. Reengineering first degenerated into a more respectable word for headcount reductions, and then largely disappeared (although there are some signs of its return).

The most recent process management enthusiasm has revolved around “Six Sigma,” an approach created at Motorola in the 1980s and popularized by General Electric in the 1990s. In some ways Six Sigma represents a return to statistical process control; the term “Six Sigma” means one output defect in six standard deviations of a probability distribution for a particular process output. Six Sigma also typically involves a return to focusing on relatively small work processes, and presumes incremental rather than radical improvement. Most frequently, however, Six Sigma improvement techniques have been employed on an episodic basis, rather than continuously, and while employees are somewhat empowered to improve their own work, they are generally assisted by experts called “Black Belts.” Some firms are beginning to combine Six Sigma with more radical reengineering-like approaches to processes, or with the “lean” techniques derived from TPS. It is simply too early to tell whether Six Sigma will continue to prosper; I see some signs of its weakening, but it is certainly still popular in many US firms.

The approach to BPM described in this book is a welcome amalgam of all of these previous approaches. It doesn’t focus heavily on statistical process control or bottom-up experimentation, but addresses the basics of process improvement and change. It doesn’t view information technology as being the core of process change, but doesn’t ignore it as did Total Quality Management and Six Sigma. It considers all of the major vehicles by which organizations understand, measure and change how they work.

LESSONS FROM HISTORY

What can we learn from this history, and how does it relate to the book you have in your hands? First, it's clear that process management has been somewhat faddish in the past. It has been a bit immature, coming and going in various forms as a management fad. This does not mean that there is no value to the concept—indeed I am a strong believer in it—but rather that managers and firms may have latched onto the more fashionable, short-term elements of the approach instead of the more timeless ones. Some managers have even made comments to me such as the following: “We’re doing Six Sigma—we’re not really into process management.” This inability to see the forest for the individual tree is problematic if (or, more likely, when) the appeal of an individual process management offering begins to fade.

Perhaps the excitement of a “new” approach (or at least a new combination of previous ideas with a new name) is necessary to get people excited, but the problem is that they become less excited after a time with each new variant of process change. Basic BPM—the essence of each of these faddish enthusiasms—may not be sexy, but it is clearly necessary. Perhaps it should be adopted whether it is sexy or not, and then maybe it will persist over the long term at a moderate level of popularity. This book is admirably free of faddish elements, and provides a good guide to the basic principles of process management. The author refers to the “demystification” of process management, and he is correct that the field has been clouded by faddishness and mystification for far too long.

It's also apparent that process management, as it has changed over time, is an increasingly synthetic discipline. This book, I am happy to note, also takes a synthetic, broad approach to process management. Each new process management approach has built on previous foundations, and added one or more new elements. Ideally, an organization should be able to draw upon all of the elements or tools available to meet the process management needs of any individual project. However, to wrap all of the possible process management tools into one consolidated approach would be a bit unwieldy. They can't all fit into one normal-sized book. Therefore it seems likely that, in the future, firms will assemble the tools they need to address a particular project using a customized or configured methodology. Such a configuration process would require either very experienced process management consultants who could assemble the proper tools or perhaps even software that could help a less experienced user configure a methodology.

Despite these methodological issues, process management all boils down to human change. This is true of all variations on process management. As Jeston points out, people are the key to implementing new process designs. If they don't want to work in new ways, it is often very difficult to force them to do so. Hence any successful process management effort requires a strong emphasis on culture, leadership and change management. Several chapters of the book are devoted to these issues.

Process management doesn't replace everything else in organizations, and it's not a panacea. There have been other authors and publications that have strongly suggested that all an organization needs to do to be successful is process improvement. This book

does not make that mistake; it simply argues that process management must become one of the abiding approaches to managing organizations. It must augment and align with strategy, human resource management, financial management, information management and the other traditional management disciplines. This and other perspectives within the book may appear to be only common sense. They are indeed sensible, but they are not sufficiently common.

Thomas H. Davenport

PREFACE

This book began in 2003, when I was engaged in the early stages of a BPM project within a large financial organization. I was struggling with how to help develop the skills of the consultants in our BPM consultancy practice faster than just “on the job training.”

I searched the Internet and book shelves for a comprehensive text on “how to successfully implement a BPM project.” I did not just want a big picture view but a detailed, step-by-step guide that we could give to our consultants and clients, and one that would force me to be less intuitive (although I still think this is the most powerful insight one can have) and more formal in approaching BPM projects. So I started to document my thoughts over the next 12 months.

The journey has continued spectacularly fast as I have been invited to travel all over the world to deliver conference keynote speeches, talks, training, advice and consulting services to many varied organizations, including some extremely large commercial and government organizations. This has enabled me to gain a unique insight into the critical success factors, what works well and what could have worked better within organizations; and it has continued to provide practical intellectual property for further editions of this book.

John Jeston

INTRODUCTION

WHO IS THIS BOOK FOR?

Business professionals

- *Senior business executives* seeking an understanding of business transformation from a process perspective (BPM); the critical success factors; and why and how to implement BPM within their organization.
- *Information systems managers and chief financial officers* also involved in supporting the implementation of BPM and process management.
- *Project managers* wanting to know how better to manage a process-focused project or program of work.
- *Process professionals, process analysts and business analysts* desiring to enhance their learning on how to implement BPM and process-focused activities; together with detailed tools and templates.

Students

This book provides students with the ability to gain a practical example and understanding of how to implement BPM from a small BPM activity or project inside an organization through to an enterprise-wide, process-focused business transformation program. It will support the following students in their studies:

- *Professionals studying; postgraduate students on specialist Master's degrees; MBA students.* The book provides a comprehensive coverage of business processes, and process management and implementation. It will provide non-business professionals (for example, engineers, scientists) with an understanding of business and process management.
- *Undergraduate students* who select this topic to gain an understanding of how businesses work in practice and how to complete process-based project improvements and business transformation.

WHAT DOES THIS BOOK OFFER TO LECTURERS TEACHING THESE COURSES?

This book is intended to be a comprehensive guide to all aspects of implementing and managing BPM or process-focused business transformation activities within an organization. It is based upon sound research and wide and deep consulting experience with international BPM programs.

Lecturers will find this book has a wide range of case study examples to support their teaching.

A student assignment has been included that may be used to provide the context and guidance through a practical BPM activity. This assignment will be continually updated and improved with the latest version always available on a secure website specifically for lecturers. A sample answer will also be provided on the secure website. As with any business project, there may be several “correct” answers. Lecturers are encouraged to provide the author with samples of their best student answers and these will be reviewed and posted on the secure website for the benefit of all lecturers, with the lecturer’s and student’s permission.

The latest tools and templates will be posted on: www.managementbyprocess.com for the benefit of students and lecturers. Again you are welcome to contribute towards the enhancement and further development of these tools and templates by sending suggestions to: tools@managementbyprocess.com.

LEARNING FEATURES

A range of features have been incorporated in the book to help the reader get the most out of it. They have been designed to assist understanding, reinforce learning and assist readers to find information easily. The features are described in the order you will find them.

At the start of each chapter

- *Overview*: a short introduction to the relevance of the chapter and what you will learn.
- *Overall learning outcome*: a list describing what readers can learn through reading the chapter and completing the self-test.

In each chapter

- *Key points*: critical aspect to the topic referred to in the text.
- *BPM insight*: real-world examples of best practice approaches.
- *Case studies*: examples of areas where organizations or consultants have executed things well or not so well. Each case study is provided with a “Message” at the end of it—the lesson to learn as a result of the case study.

In Part II of the book, the section explaining the 7FE Framework, each chapter is also structured to include:

- *Why*: is this phase necessary?
- *Results*: that will be expected once this phase has been executed.
- *How*: the detailed steps involved in the execution of the phase.
- *Outputs to other phases*: how this phase contributes towards the success of other phases and feeds back into earlier phases.
- *Phase risks*: the typical risks that are associated with this phase.

At the end of each chapter

- *Summary*: intended as a revision aid and to summarize the main learning points from the chapter.
- *Self-test questions*: short questions that will test understanding of terms and concepts described in the chapter and help relate them to your organization.
- *Assignment*: further information on the assignment and guiding questions to assist in the completion of the assignment (for Chapters 12–22 and 24–26).
- *Checklists*: where appropriate checklists have been provided to assist you in the execution of your BPM activities.
- *Extra reading*: where appropriate supplementary information on the main themes within the chapter has been included.

At the end of the book

- *Glossary*: a list of definitions of the terms and phrases most commonly used within the text.
- *References and bibliography*: a list of books and articles from which some of the information was sourced and suggested additional reading.
- *Index*: all key words and abbreviations referred to in the main text.

INTRODUCTION TO THE FOURTH EDITION

The understanding of BPM and process management has not stood still since the third edition of this book.

The author has continued to work with many organizations in the development and implementation of BPM strategies. This has given him the opportunity to encounter many different and varied business challenges. With challenges comes solutions, and it is these challenges and solutions that have been shared with the readers in this fourth edition.

BPM practitioners and organizations have witnessed a growing acceptance of BPM and process excellence. BPM is a management discipline focused on using business processes as a significant contributor to achieving an organization's strategy and business objectives by significantly and sustainably improving performance.

BPM is more relevant than ever before and will assist in enabling management to achieve a competitive advantage in a turbulent dynamic environment.

Many CEOs regard themselves as managing “a turnaround.” No one thinks that the organization is functioning in a “business-as-usual” environment.

Our current environment continues to be categorized by fundamental shifts in business models; increased internationalization; increased market transparency; a need to support mobile, social and cloud functionality; the introduction of even more advanced technology, such as Robotic Process Automation (RPA) and cognitive robots; and a need to service more informed, vocal and demanding customers. These trends and how to anticipate and leverage them is now a fundamental necessity in business.

Up until this edition of the book technology has purposely not featured heavily. Chapter 7 has always explained the technology components of a BPM System (BPMS) and that was about the extent of technology herein. This was to ensure that readers (business and students) clearly understood that BPM is *not* all about technology, and it still isn't.

However, over the last few years, technology has become, and will increasingly become, all pervasive. This has meant that organizations are implementing a digital strategy to face its customers and meet their expectations. Further digitization is also essential to meet the expectations of Millennial generation employees. The technology itself has introduced a step change with the introduction of Robotics Process Automation (RPA) and the rapidly emerging Cognitive Intelligence tools.

These will all be discussed in the fourth edition. The BPM House (Chapter 1) has been further developed and refined. All of the chapters have been reviewed and amended where appropriate. Particular attention has been paid to the BPM Foundations and Innovate phase chapters for the reasons mentioned above.

BPM Foundations has been amended to include a digital workplace strategy activity, to take account of the workplace need of the Quad Generation environment we live in. Millennials are the largest generation in the workforce, and will represent 50% of the global workforce by 2020 and 67% by 2025 (only seven years away). Organizations need to start to address this change to accommodate the expectations of multiple generations.

The Innovate phase chapter has been enhanced to take account of the growing technology disruption. Many senior executives regard technology disruption as being their greatest challenge and environmental concern. There is much talk about the introduction of robotics (Bots as many call them). Some regard bots as being able to replace mundane, task-based human activities—making no mistakes and working 365 x 7 x 24. This is not always the case and needs to be understood in more detail.

There has been further evidence that this book is regarded by many organizations as the preferred method of implementing BPM, with the author often spending time with these organizations assisting with the initial BPM strategies and the establishment of activities to ensure the gains made are managed and sustainable. It has been further used in many universities by professors and lecturers as a text book and reference book. Thank you.

As always, I welcome your feedback and thoughts.

John Jeston

LAYOUT OF THIS BOOK

The book is divided into three parts with each having a unique focus.

- *Part I* is aimed at executive-level questions and takes a holistic view to a process-focused organization. It asks and provides answers to ten questions. While all these questions do not need to be addressed before an organization commences its BPM journey, some do. All questions will however need to be addressed and answered along the journey.
- *Part II* comprises a detailed explanation of the 7FE Framework. It explains the ten phases and three essentials that are required to be successful. This is where the reader assignment is undertaken.
- *Part III* comprises a chapter that includes three detailed case studies from the USA, Asia and Europe. It also includes a chapter on BPM maturity.
- Within the *companion website* there are two appendices that provide a summary of the 7FE Framework (phases, steps, tools and techniques, deliverables and gates) and the 7FE Framework Quality Assurance Checklist for project/program managers.

ACKNOWLEDGMENTS

No book can be written in isolation, and there are clients and individual people who have reviewed, contributed to, critically commented and debated in the development of this fourth edition. Thank you.

In particular, I would like to thank Gina Craig. Gina critically reviewed, edited and significantly contributed to the thinking of the fourth edition. The time she spent debating and challenging my thinking to justify my perspective has led to a better edition.

Finally, I would like to thank the editorial team of Amy Laurens and Laura Hussey. Thank you for your trust, support, never-ending encouragement and good humor throughout this journey.

TRAINING SERVICES

Management by Process Pty Ltd offers complete advice, training and coaching services in BPM and process-focused business transformation programs.

The training courses cover the content of this book and other BPM-related topics. Please refer to www.managementbyprocess.com for course outlines, testimonials and further information.

Part 1

FREQUENTLY ASKED QUESTIONS

The important thing is not to stop questioning.

(Albert Einstein)

Part I is aimed at an executive level of questions and takes a holistic view to a process-focused organization. While not all of these questions need to be addressed before an organization commences its Business Process Management (BPM) journey, some do; however, somewhere along that journey all will need to be considered. Indeed, the answer to some of the questions will determine how you should start BPM in your organization.

We start in Chapters 1 and 2 by providing an explanation of “What is BPM?”—why some people find BPM a little confusing, and why it is different from what has come before. This still requires attention, as many people either don’t understand or misunderstand these key concepts.

It is critical to know who should be involved in BPM and what the critical success factors are. For an organization and its management, it is critical to have a clear understanding of when you should do BPM and what the main drivers and triggers are. These questions are covered in Chapters 3 and 4.

How to start is always an important consideration. Should it be top-down or bottom-up? This is discussed in Chapter 5.

Vast experience of implementing BPM transformations, programs and projects all around the world has led me to believe it is important to improve the processes before, or as part of, automating them. This is addressed in Chapter 6.

Given the importance of BPM technology and the opportunities that it is starting to offer, Chapter 7 provides an outline of the ten technology components of a complete BPM technology solution, together with some thoughts about the future. This chapter also introduces Robotic Process Automation (RPA).

The majority of the literature on BPM and Lean will tell you that you must be customer-centric and focus on the customer experience. Is this true? Is it the best approach to achieving customer service and satisfaction? This question is discussed in Chapter 8.

Why determining or creating the right foundations for BPM is critical to success is discussed in Chapter 9.

In the final chapter of this part of the book, the question of why you need a structured approach to implementing BPM is discussed. This is especially important if you want to optimize your business benefits and likelihood of success.

All human progress is preceded by new questions.

(Anthony Robbins, *Awaken the Giant Within*)

WHAT IS BUSINESS PROCESS MANAGEMENT?

OVERVIEW

There are many definitions of BPM, and to enable you to gain the most from this book we need to have a common understanding.

OVERALL LEARNING OUTCOME

By the end of this chapter you will be able to:

- Appreciate that BPM is not *all* about technology
- Have a working definition of BPM
- Understand at a high level the BPM House and how its components are essential for BPM success and sustainability.

This question needs to be asked and addressed right at the very beginning to ensure that we have a common understanding. There are as many answers to this question as there are vendors, analysts, researchers, academics, commentators, authors and customers.

BPM is just like many other three-letter abbreviations of the recent past, such as CRM (customer relationship management) and ERP (enterprise resource planning), which have been misused and misinterpreted. Over time a common interpretation of these terms has mostly been reached; BPM is no different, and is now achieving a common understanding, although many stakeholder groups still define it according to their needs.

BPM is often used by the following:

- some vendors who only focus on the technology solution of process improvement; this is still true for some of the world's largest technology companies;

- other vendors who think of BPM as business process modeling or business performance management;
- some consultants who use BPM to continue their message on business process re-engineering or improvement;
- other consultants who use BPM to sell their Six Sigma/Lean message to executives;
- some managers who want to jump on the BPM bandwagon, with no idea where it is going.

BPM does *not* equate to a technology tool or initiative for business processes. Can BPM involve technology, and is technology a good thing? Absolutely, in the right circumstances, and when it can be justified. Are business process management systems (BPMS) and process modeling tools useful for achieving process improvements in non-technology circumstances? If the tools referred to are used in the right way, then yes, they can be extremely useful in this process. In fact, it is difficult to complete complex process improvement projects in a time-effective manner without the use of these tools. With the current wave of robotic process automation (RPA) tools, significant improvements can be achieved. This is discussed in detail in Chapter 17.



BPM INSIGHT

One word of caution: there is a danger of organizations believing that once they have purchased a BPMS or process-modeling tool, it will solve all their problems and the process improvements will simply follow. Nothing could be further from the truth. A BPMS or process-modeling tool is just a piece of software, and without a methodology or framework, skilled resources to use it and a genuine commitment from organizational leadership, it is useless: remember the saying “a fool with a tool is still a fool.”

If you are going to use a process-modeling toolset in your BPM program or project, use the opportunity to build a process asset. What a process asset is, how it is populated, its benefits and its use to the business will be discussed in more detail in Chapter 13.

Many of the industry commentators and vendors provide definitions that specify technology (automation tools) as an essential component of BPM. However, if you take a simple and common-sense view of BPM, it is about the *management of business processes* which will be around for a very long time.



KEY POINT

A definition of BPM is:

A management discipline focused on using business processes as a significant contributor to achieving an organization’s objectives through the improvement, ongoing performance management and governance of essential business processes.

Table 1.1 Definition of terms used in our definition of BPM

Management discipline	Management needs to clearly understand that business processes are a fundamental and critical part of business success. The proactive management of these business processes will significantly assist in the delivery of an organization's strategic objectives. Process management needs to be a fundamental part of how the business is managed, and executive commitment is essential.
Processes	What is a process? There are as many definitions of process as there are processes. However, perhaps taking a simple view is best: "it is the way things get done around here."
Achievement	Realizing the strategic objectives as outlined in the organization's strategic plan. At a project level, it is about realizing the value or business benefits as outlined in the project business case, and at a process level it is about achieving the team's operational targets.
Organization	The organization in this context refers to either the entire organization or parts of it, perhaps a business unit that is discrete in its own right. BPM relates to the end-to-end business processes associated with this part of an organization. This end-to-end focus extends beyond the boundaries of the organization and should include suppliers and customers, which should lead to minimization of the silo effect within most organizations.
Objectives	The objectives of BPM implementation range from the strategic goals of the organization through to the individual process goals. It is about achieving business outcomes. BPM is not an objective in itself, but rather a means to achieving a business objective. It is not "a solution looking for a problem."
Improvement	Improvement is about making the business processes more efficient and effective, or indeed turning an organization or industry value chain upside down or inside out. An example of this is a business transformation approach to BPM.
Performance management	This refers to process and people performance measurement and management. It is about organizing all the essential components and subcomponents for your processes. By this we mean arranging the people, their skills, motivation, performance measures, rewards, the processes themselves, and the structure and systems necessary to support a process.
Governance of processes	BPM is about managing your end-to-end business processes both now and into the future to ensure that they are always relevant to the business. An essential component of governance is to have the ability to measure correctly. If you cannot measure something, you cannot continually improve and manage it. Process governance is also essential to ensure that compliance and regulations are adhered to. Process governance is essential to ensure sustainability of the improvements made.
Essential	Not every process in an organization contributes towards the achievement of the organization's strategic objectives. Essential processes are the ones that do.
Business	An implementation of BPM must have an impact on the business by delivering benefits. It should focus on the core business processes that are essential to your primary business activity—those processes that contribute to the achievement of the strategic objectives of the organization.

It is important to have a common understanding of what we mean by each of the significant words in our definition, so each term is defined individually in Table 1.1.

Thus process management is an integrated part of “normal” management. It is important for leadership and management to recognize that there is no finish line for the improvement of business processes; it is a program that must be continually maintained.

As a management discipline, BPM requires an end-to-end organizational view and a great deal of common sense throughout the organization.

Now that we have provided a definition of BPM, let us examine what this means in practice within an organization.

There are many ways to commence BPM activities within an organization, and the “right” way will depend upon many factors, such as the organization’s culture, process maturity and business drivers, to name just a few. There are also several types of BPM activities that may be commenced. Chapter 5 will outline four typical types of BPM activities that will be referred to throughout the book. It also addresses the question of whether the BPM activities should start from the bottom up or from the top down, and why.

Figure 1.1 provides a metaphor to describe BPM with all the necessary components of an organization-wide BPM program strategy. It introduces many terms, some of which may be new to you. If this is the case, please refer to the glossary for a definition or explanation.

A metaphor of a house—the BPM House—has been used in this book.

When building a house you need to have solid foundations, otherwise the house will not be stable as the walls are erected and the roof is installed. BPM is no different. The foundations of the BPM program (BPM Foundations and Enablement) need to provide a solid operational focus that has been agreed and that is visible across the organization. Senior management is responsible for determining the organization strategy and ensuring that the business processes support, or contribute to, the fulfillment of the strategy. Processes that are aligned with the strategy are most effective in achieving business objectives and are more sustainable in the medium to long term. The purpose of the BPM Foundations and Enablement is to provide the necessary discussion, determination, agreement and documentation of the high-level “foundation principles and guidelines” for the business and BPM team to work within and apply. The Foundation is determined by the senior management team and provides the very high-level outline of these components and “principles and guidelines,” whereas Enablement takes these high-level “principles and guidelines” and expands upon them to make them usable for the business and BPM teams in their execution of BPM programs and projects. Chapters 13 and 14 provide the details.

The walls provide an outline of the program of work, the frameworks for how the work will be achieved, how the business will be operated and, importantly, how it will be aligned with the organization’s strategy. This is where BPM activities:

- align with the organization’s strategy, ensuring that all the BPM activities contribute to the strategic objectives (strategic alignment); it is essential that there is traceability from the strategic objectives to each and every BPM activity;

- determine the priorities of which business processes to enhance first, and whether working on the Management Processes or Operational Processes first (or perhaps both together) will bring the most benefit to the organization; Chapter 13 (Foundations phase) will define and explain the difference between these two types of business processes (management processes and operational processes);
- use the Process Change (business process improvement (BPI) and people change management) methodologies or frameworks; these should be selected and in place first, ensuring that the business and BPM team are trained in them (process change);
- the Operate, Manage and Sustain aspect refers to how BPI projects will be handed over to the business in a sustainable way.

Unless all of these components are either in place or in progress within an organization, it will not be able to improve the efficiency and effectiveness of the organization’s business processes in a sustainable way.

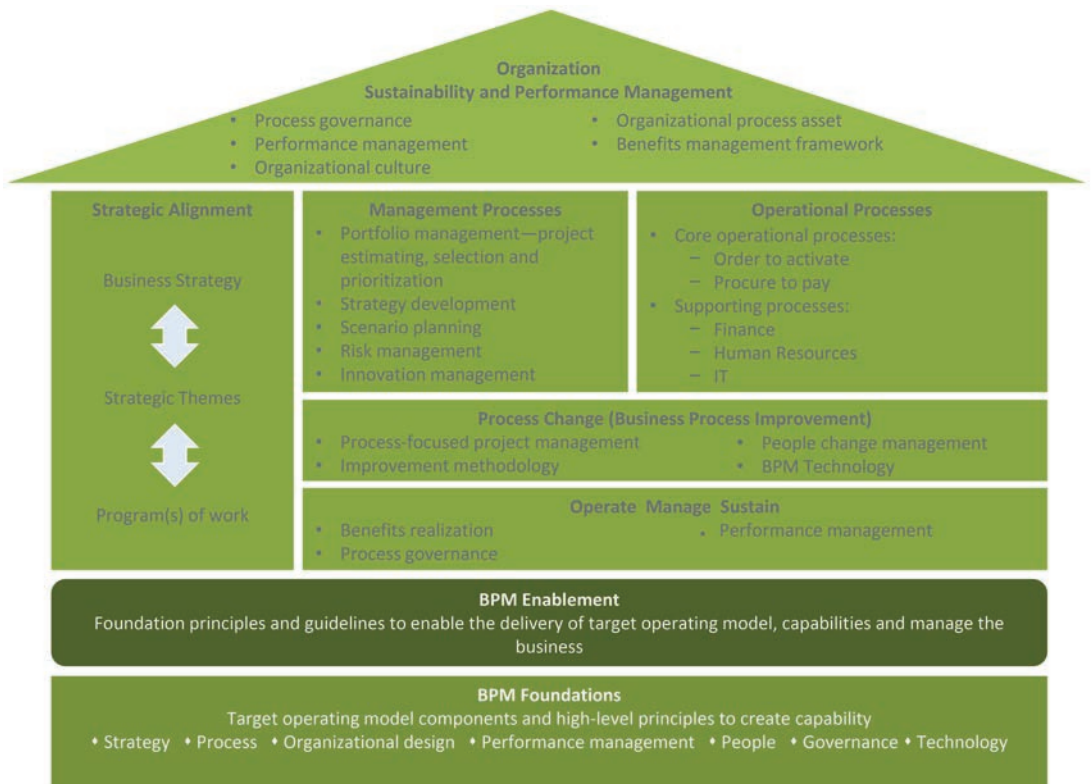


Figure 1.1 BPM House: components of a BPM program strategy

The BPM roof (Organization Sustainability and Performance Management) holds it all together by providing the organizational-wide process-focused culture and governance structures resulting in managing the organization via its business processes. The creation and management of a process asset will greatly assist in meeting these objectives. The BPM roof provides the sustainability for all BPM activities. Without the roof, all of the benefits gained from improving the management and operational business processes and a process-focused culture will dissipate over time, sometimes rapidly.

The BPM House will be considered in more detail in Chapters 13 and 14 when the BPM Foundations and Enablement phases of the 7FE Project Framework are discussed. The 7FE Framework is the main focus within this book, and provides the framework guidelines for successful BPM programs and projects.

Once BPM is viewed as outlined in the BPM House, it becomes clear that it provides an organization with the ability to commence and sustain a program of work that can transform its business. BPM will provide the mechanisms for changing the business value chain, disrupting industry value chains and substantially altering the way in which business and decision making are conducted. It will allow customers and employees to be delighted with the services provided by the organization, while simultaneously reducing the organization's costs. When an organization's management processes are addressed as shown in the BPM House, the organization is provided with an opportunity to create a sustainable competitive advantage, but more of this later.

CASE STUDY

A large telecommunications organization had spent a year and many millions of dollars establishing BPM foundations within the organization. It was about to commence several large BPM projects across the organization, and was still having difficulty explaining and gaining agreement on what exactly BPM was for them.

The metaphor of the BPM House, slightly modified to its circumstances, provided the mechanism for agreement within the organization.

Although the BPM House may appear a little overwhelming to some now, once the 7FE Framework is introduced (from Chapter 11 onwards) it will be explained and expanded upon in far more detail. If you wish to learn more about the BPM House immediately, read Chapters 13 and 14 now.

SUMMARY

BPM is:

- more than just software
- more than just improving or re-engineering your processes—it also deals with the managerial issues
- not just hype—it is an integral part of management
- more than just modeling—it is also about the implementation and execution of these processes
- the BPM House provides a metaphor for the foundations, walls and roof of an enterprise-wide implementation of BPM.

SELF-TEST

- 1 Can you implement a BPM project without technology?
- 2 Name a couple of ways in which technology can assist with BPM in your organization.
- 3 How would you define BPM and explain each of the key words and phrases in your definition?
- 4 Explain each of the aspects of the BPM House, as well as each of the sub-components, and state why you think they will be important to an enterprise-wide implementation of BPM.