

AN INTRODUCTION TO BUSINESS PROCESS MANAGEMENT

By: Paul Crowe, LOC Consulting

Introduction

Business Process Management (BPM) is currently one of the buzz-phrases in Corporate business and IT strategy. However, far from clear are the true implications for those organisations that choose to invest in BPM. In this first of a series of articles on BPM we try to unravel the meanings, implications and change that are associated with such an investment.

This article is designed to set the scenes for those considering such as investment. Starting with a clear definition, we move on to the BPM 'journey', identifying four distinct phases of maturity towards realising the tantalising benefits offered by the BPM salesmen. Finally, the current marketplace is briefly considered in advance of more detailed articles on the subject.

Business Process Management

Business Process Management (BPM) lies at the intersection between management and information technology, encompassing methods, techniques and tools to control operational business processes. There are a variety of roughly similar definitions for what BPM actually covers, which in itself contributes to a lack of clarity on the subject. It also has different contexts in different organisations. This paper defines BPM below:

BPM Definition

“Business Process Management (BPM) encompasses methods, techniques and tools to design, control, automate, analyse and optimise operational business processes involving humans, organisations, applications, documents and other sources of information.”

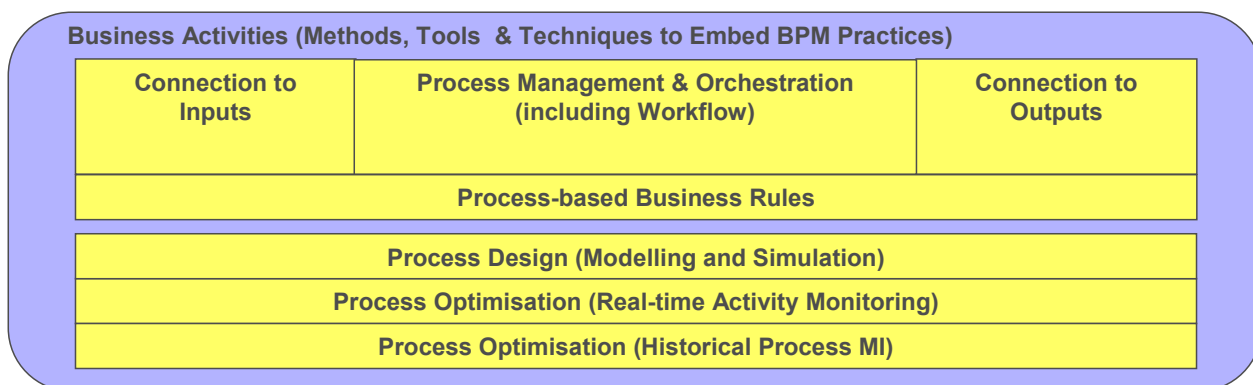


Figure 1: The BPM Definition

There are 2 basic types of toolsets that service the overarching definition above, described elsewhere and in depth in the Bloor Report¹. **Human-centric** processes tend to touch people at more steps in a process than **systems-centric** toolsets, and vice versa. Both address business processes, but the development environment differs substantially, as does the general nature of the processes themselves.

Human-Centric BPM (Workflow) Tools

The human-centric BPM tools are typically less technical than their system-centric brethren. Focused more at business users, they have the ability to develop portions of the actual working process models (defined by business users in process modelling tools), and most product configuration is done without code. Targeted processes tend to emphasise those where people are the predominant process 'actors'. Traditional workflow can be seen as an example of human-centric processes. The modelling tools tend toward intuitive process models (focus on adaptive and subjective people activities) although sequential models are fully supported. Automation is typically a supporting characteristic of people-centric toolsets, commonly applied to eliminate manual functions ideally suited to automation, reduction of duplication, and error elimination.

System-Centric BPM (Workflow) Tools

The systems-centric BPM tools are typically targeted at a more code-based development environment that usually requires core technical skills to perform working model configuration. The modelling components tend toward sequential process models (focus on orchestrating system calls) as compared to intuitive models, but do support both. Automation is typically a dominant characteristic of systems-centric tools, commonly applied as an extension or extended family member to the concept of Service Oriented Architecture (SOA), which is often used in conjunction with systems-centric BPM toolsets.

Ideally, your choice of BPM tool will be strong in both aspects of BPM. Market analysts such as Forrester, Bloor and Gartner provide comparative studies on the strengths and weaknesses of the market leaders. Irrespective of which tool you use, purchase and implementation of the technology is just one step on the journey to realise the significant benefits that BPM offers.

The BPM Journey

BPM is not a 'silver bullet' that delivers generous savings and heightened efficiency once the appropriate tools are put in place. BPM can take organisations on a journey that will help them dramatically improve their business agility and can ultimately lead to significant cost savings. However this journey is not easy, and is in many ways driven by business (not IT) changes. Delivering the IT capability, although complex and expensive, is relatively straightforward. The real

¹ The Bloor Report: Business Process Management Nov 2006

challenge is evolving into a process-centric organisation that puts optimisation and continuous improvement at the heart of each business function. Michael Hammer puts it succinctly:

“All change projects are tough to pull off, but process-based change is particularly difficult. Contrary to widespread assumptions, designing new business processes involves more than re-arranging workflows – who does what tasks, in what locations, and in what sequence. To make new processes work, companies must redefine jobs more broadly, increase training to support these jobs and enable decision making by front line personnel, and redirect reward systems to focus on processes as well as outcomes.”²

Much of this activity can be undertaken without reference to modern BPM tools, and can generate significant savings. There are plenty of perfectly good methodologies for process improvement, and are beyond the scope of this article. The differences BPM tools can bring include a powerful capability to facilitate and simplify these activities, offering a route to automation and consistent application of business rules. However, the uses and limitations of these tools must be widely understood if such capabilities are to be exploited effectively.

The spread of this understanding is critical to the long term realisation of BPM value. To illustrate the point, one can think of four stages on the path to unlock the potential of BPM;

a. Understanding current process maturity

- This stage centres around the mapping and refining of existing business processes, in preparation for deploying onto BPM
- It is recommended to use a business process modelling / analysis tool at this point
- Benefits (if any) will come from identifying obvious bottlenecks or disjoints in existing processes

b. Delivering tangible workflow improvement

- This stage focuses on the deploying and execution of defined processes to the BPM tool
- This stage tends to be primarily human workflow with limited integration with legacy applications.
- Benefits are focused around productivity improvements and improved cycle times

c. Exploiting BPM tools & techniques

- Once processes are being executed in the live environment, flaws can be readily identified using the monitoring and analysis tools available with the toolset
- Opportunities for automation and further integration are often exploited during this stage
- Benefits come from eliminating process steps, improving throughput and automating portions of processes through application integration where appropriate

² The Process Audit, Michael Hammer, Harvard Business Review April 2007

d. Driving continuous improvement

- Once the capabilities of the tool have been mastered, techniques such as 6 Sigma, Lean, etc can be effectively brought to bear on the BPM'd processes
- Investment centres on activity to embed the improvement cycle:
 - i. Define & Model
 - ii. Simulate & Deploy
 - iii. Execute, monitor
 - iv. Analyse and Optimise processes
- Benefits come from the use of BPM to increase business agility, with mastery of the tools allowing rapid, controlled changes to business processes in response to changing market conditions

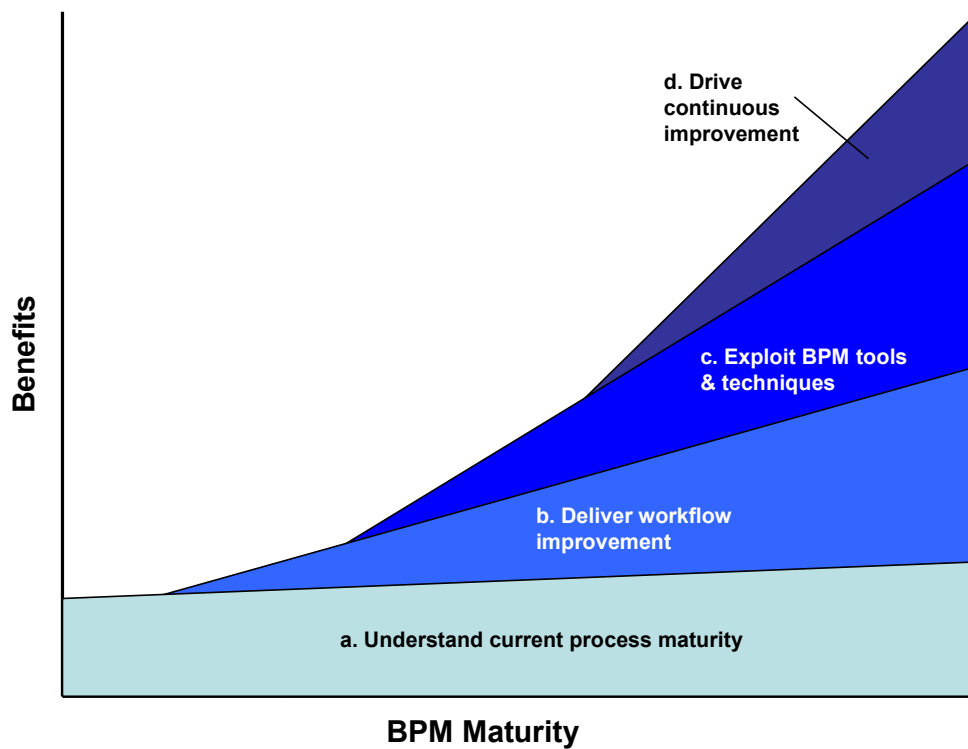


Figure 2: The BPM Benefits-realisation Journey

The BPM Market: Overview

BPM has become a leading agenda item in corporate strategy and technology investment for companies of all sizes, markets and geographies. The BPM market is growing rapidly and this growth trend is expected to continue unabated for quite some time. Although rapidly changing, leading vendors offer a broad range of functionality to support BPM, with products that work seamlessly together to offer a composite toolset with low development and maintenance overheads.

Unusually for a new technology, BPM is being driven primarily through the interest of business users rather than technology users. In many instances BPM has since moved over (or now been led by) people in IT roles. However, the push from two different directions, has led vendors from different ends of the spectrum to converge towards a complete BPM offering. For example, IBM, AG Software, and BEA are moving from strength in system-centric BPM to encompass people-centric elements. Others such as Lombardi, Savvion, Pegasystems and Global 360 are expanding their people-centric offerings and building stronger systems integration.

At this stage only one thing is clear; the market will consolidate. Many vendors will follow the route of TIBCO, who purchased Staffware to complement their strong system-centric offering (BusinessWorks) and have aggressively integrated the tools to provide one of the first true end-to-end BPM tools, with the iProcess suite. With many niche players with differing strengths, the wary BPM investor needs to be mindful of a purchase that may lead to an unexpected upgrade path in the near future.

Commentary

This paper has provided a brief introduction to the world of business process management, and highlighted some of the challenges ahead for those who wish to travel down this path. BPM products are (and have been) in a continual state of flux. The implications that underpin managing core business activities by process are far reaching, and as described above, purchase of a BPM tool is only the start of the change. Choosing the right tool needs to consider both people and system-centric aspects, and also the likelihood of merger in the near future.

Irrespective of these considerations, businesses are well advised to build a BPM strategy now if they haven't already. BPM offers tangible competitive advantage, and without it businesses can be left behind the competition. Those who adopt BPM, and implement it successfully will be able to agilely respond to market changes and reap the benefits of reduced operating costs.

In the next article in this series we will consider stage 1 (understanding current process maturity) and investigate how business process analysis tools can help.

LOC Consulting
Blackwell House
Guildhall Yard
London
EC2V 5AE

www.locconsulting.co.uk

Tel: +44 (0)20 7556 1058

Fax: +44 (0)20 7556 1059

LOC is a specialist business consultancy that applies industry-leading experience directly to critical programmes and projects, delivering business success.

LOC views change as an essential component of a successful organisation. Our expertise helps you unlock the potential of challenges and opportunities facing your business.

LOC believes in client-side consultancy, taking a thin layer approach to management and complementing the existing skills.

LOC defines success by exceeding delivery expectations, and also by improving the capability of your team and helping them realise their programme management potential.