Down Under | John Jeston

The Perpetual Question – What is Business Process Management?

A New Perspective

While we have made significant progress towards having a common understanding of what BPM is, there are still many answers to this question. Certainly when trying to explain to senior executives what BPM is and why they should commence or continue it, there is still confusion and uncertainty.

I was recently in Montreal Canada speaking to a senior executive in charge of a very large BPM implementation, and he asked why he should continue with the program and what benefit it would bring to his organization. He wanted, in my opinion, to be able to clearly sell it to his CEO and other skeptical peers.

In 2006 Johan Nelis and I published a book called Business Process Management: Practical Guidelines to Successful Implementations. In the book we suggested a definition of BPM. The definition has been updated in the third edition of this book, which is due for release next month. We took a simple and commonsense view of BPM, it is about the management of business processes.

The new suggested definition for BPM is as follows:

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

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."

Let's 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, business drivers, to name a few. There are also several types of BPM activities that may be commenced. In the new edition of the book, we outline four typical types of BPM activities. The new edition also addresses the question of

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whether the BPM activities should start from the bottom-up or the top-down and why.

Figure 1 provides a metaphor to describe BPM with all the necessary components of an organization wide BPM program strategy.
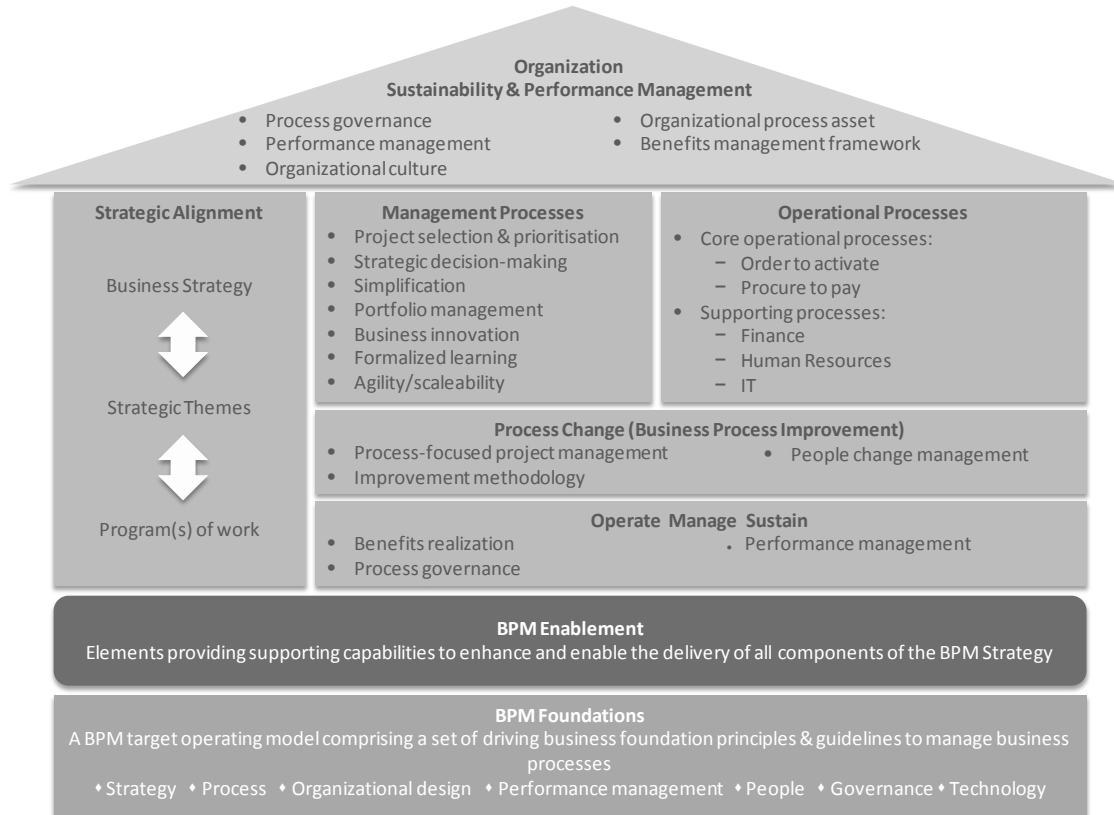
Organization
Sustainability & Performance Management
- Process governance
- Performance management
- Organizational culture
- Organizational process asset
- Benefits management framework

Strategic Alignment	**Management Processes**	**Operational Processes**

Business Strategy	• Project selection & prioritisation
	• Strategic decision-making
	• Simplification
	• Portfolio management
	• Business innovation
	• Formalized learning
	• Agility/scaleability
		• Core operational processes:
		  − Order to activate
		  − Procure to pay
		• Supporting processes:
		  − Finance
		  − Human Resources
		  − IT

Strategic Themes

Program(s) of work

Process Change (Business Process Improvement)
- Process-focused project management
- Improvement methodology
- People change management

Operate Manage Sustain
- Benefits realization
- Process governance
- Performance management

BPM Enablement
Elements providing supporting capabilities to enhance and enable the delivery of all components of the BPM Strategy

BPM Foundations
A BPM target operating model comprising a set of driving business foundation principles & guidelines to manage business processes
⬩Strategy ⬩Process ⬩Organizational design ⬩Performance management ⬩People ⬩Governance ⬩Technology

Figure 1 – BPM House: Components of a BPM Program Strategy

A metaphor is clearly that of a house - the BPM House.

To continue the metaphor, when building a house you need to have solid foundations or it will not be stable as the walls are erected and the roof installed. BPM is no different. The foundations of the BPM program (BPM Foundations and BPM Enablement) need to provide a solid operational focus that has been agreed upon and is visible across the organization. Senior management is responsible for determining the organization's strategy and ensuring that the business processes support, or contribute to, the fulfilment 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 BPM Enablement is to provide the necessary discussion, determination, agreement and documentation of the high level "foundation rules (or guidelines)" for the business and for the BPM team to work within and ultimately apply. The BPM Foundations are determined by the senior management team and provide the very high level outline of these "rules"; while BPM Enablement takes these high level "rules" and expands upon them to make them useable for the business and BPM teams in their execution of BPM programs

and projects. BPM Foundations and BPM Enablement are new chapters in this edition and replace the initial two phases of our BPM Implementation Framework.

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 organizations strategy. This is where BPM activities:

- align with the organization's strategy; ensuring that the all BPM activities contribute towards the strategic objectives (strategic alignment)

- determine the priorities of which business processes to enhance first; and whether working on the 'management processes' or 'operational processes' first will bring the most benefit to the organization (or perhaps both together)

- use the process change (business process improvement (BPI) and people change management) methodologies or frameworks. These should be selected and in place first, ensuring the business and BPM team are trained in it (process change)

- Operate Manage and Sustain aspect refer 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, the organization will not be able to improve the efficiency and effectiveness of its business' processes in a sustainable way.

The BPM roof (Organization Sustainable and Performance Management) holds it all together by providing the organization 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. Without this sustainable BPM roof, all the benefits gained from improving the management and operational business processes will dissipate over time, sometimes rapidly.

> **Case study:**
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> A large telecommunications organization had spent a year and many millions of dollars establishing BPM foundations within the organization. It was about to commence its first BPM projects (several large projects) across the organization, and they were still having difficulty explaining and gaining agreement on what exactly BPM was for them.
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> The metaphor of the BPM House, slightly modified to its circumstances, provided the mechanism for agreement within the organization.

Once BPM is viewed as outlined in the BPM House it becomes clear that BPM 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, perhaps disrupting industry value chains, and substantially altering the way business and decision-making is conducted. It will engender customer satisfaction and as well as employee satisfaction with the services provided by the organization, while simultaneously reducing costs. When an organization's management processes are addressed, as depicted in the BPM House, the organization is provided with an opportunity to create what Michael Porter refers to as a sustainable competitive advantage.

The BPM House metaphor has been developed over the last several years and is explained in detail in the new edition. It has been 'road tested' with senior executives around the world in many large organizations and resonates as a simple metaphor for explaining BPM.

John Jeston

John has serious experience getting things done—the right way. For over 30 years he has covered Business Process Management (BPM), business process re-engineering, project management, systems development, outsourcing, and general management. He has held the positions of Financial Controller, Divisional Manager, Company Director, HR Director and Chief Information Officer. John is internationally recognised as a key opinion leader in BPM strategy and implementation. He has provided these services to significant organisations throughout Australia, Europe, Saudi Arabia, Dubai, the United Kingdom, U.S.A., Singapore, Mexico and Brazil. He has authored a number of books and more than 20 articles on BPM and high performance management. He is a regular speaker at conferences and a Master Project Director, with the Australian Institute of Project Management and is a Chartered Accountant.