Extreme Competition

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Back to the Future of BPM
## 2012—A Very Special Year

2012—Very Special Year
Mayan Apocalypse and BPM Technology in the Cloud

2012 is indeed a most interesting year. Before we begin, let's look up at the sky and think about December 21, 2012; you know, that day marking the Mayan apocalypse. We'll get back to that later, but for now let's just consider 2012 as either the *beginning of the end* or the *end of the beginning*, and the potential role of BPM in what's certainly an uncertain future.

Let's talk first about going *Back to the Future of BPM.* Process is nothing new, but the capability to manage end-to-end processes has progressed through three technology-enabled waves over the past several decades—and we are now on the cusp of a Fourth wave.

The First Wave

In the first wave of business process management, which began in the 1920s and was dominated by Fredrick Taylor's theory of management, processes were *implicit* in work practices and not automated. After WWII, however, applying science to process became front and center as W. Edwards Deming and Joseph Juran taught the Japanese about the power of quality management. Their work and the work of others triggered a wave of total quality management (TQM), spurred on by the publications of Deming and Juran in 1982 as shown below. The emphasis was not so much on the design of new processes, but on statistical measurements as a means of improving work practices and quality.
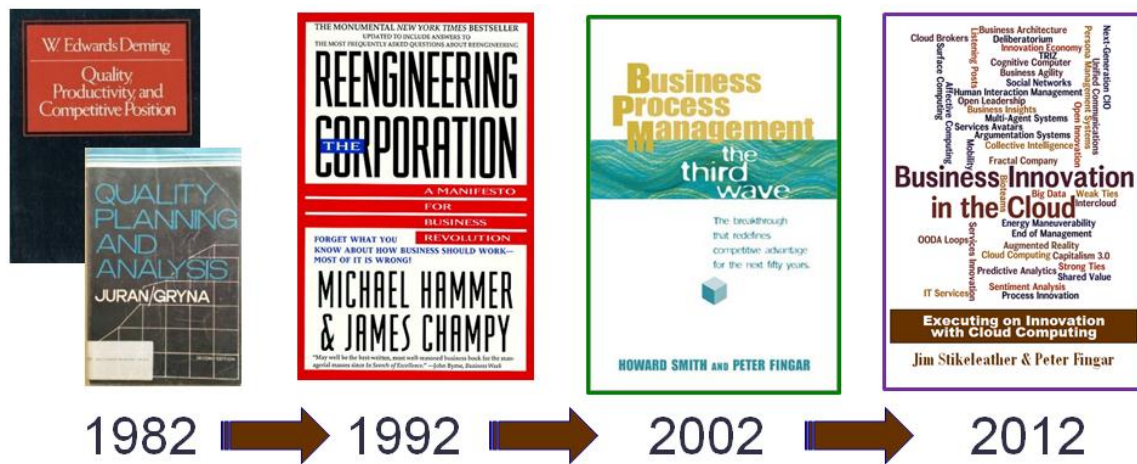
The Second Wave

Then a decade later, the 1992 blockbuster book, *Reengineering the Corporation,* hit corporate board rooms. In this second wave of business process management, processes were manually reengineered, and through a one-time, big-bang activity, cast in concrete in the bowels of today's automated Enterprise Resource Planning (ERP) and other packaged systems. Although "downsizing" is the moniker most remembered from Hammer and Champy's Business Process Reengineering (BPR), it was technological enablement—including office automation—that allowed companies to tear down internal silos and reengineer end-to-end business processes that spanned individual functional departments (silos).

Historically, ERP solutions had all the flexibility of wet concrete as they were configured and installed, then all the flexibility of dry concrete after installation. Even with document-centered workflow added to ERP, such systems only took up discrete roles as participants in processes; rarely did they provide business management control over the processes. Those that did, only did so for sub-processes and were generally limited in their capability.

The Third Wave

In the third wave of BPM, the business process was freed from its concrete castings and made the central focus and basic building block of automation and business systems. Processes became first-class citizens in the world of automation. *Change* was the primary design goal because in the world of business process management: *the ability to change is far more prized*

than the ability to create in the first place. It is through agile business process management that end-to-end processes can be monitored, continuously improved and optimized. Feedback of results, agility and adaptability are the bywords of the third wave.

The question was, however, how can such noble goals be attained? And the answer came in the form of a Business Process Management System (BPMS). Unlike an ERP system with data and applications at its core, the BPMS puts the abstract data type of *process* at the core. In lay terms, the BPMS places the notion of *process* center stage in the world of technological enablement for business change.

> For me and CSC's Howard Smith, 2012 is a very special year. *Happy Anniversary!* As the coauthor of *Business Process Management: Third Wave*, it's hard to believe that 2012 is its 10th anniversary (I suppose the title of grandpa really does apply). But instead of celebrating the "Tin" Anniversary, it's somewhat disheartening to see that the "M" in BPM has often been ignored. As process luminary Andrew Spanyi famously asked, "How has BPM actually changed the behavior of leadership?" Such questions go straight to the heart of true business transformation.

In some cases the BPMS has been used for little more than a newer version of enterprise application integration (EAI) or traditional workflow. While such approaches can improve back-office efficiencies, where's the competitive advantage beef? As we'll explore, the word "enterprise" has to be prefixed to the term BPM. For that to have meaning, companies must cross over from "organization management" of people to process management that supersedes organization management and spans multiple organizations—*Enterprise BPM*. Politics and inertia are the high-barrier obstacles, and companies must navigate these obstacles to harness the true value of process management, *strategic* BPM. That, by the way, is all about *people and change in human behavior*, not BPM technology.

Okay, your organization has made the big leap to Enterprise BPM. But that doesn't signal the beginning of the end of your BPM journey; it signals the end of the beginning of a much more challenging journey. Now what?

The Fourth Wave—Thriving in the Digital Pangea and Global Innovation Economy In today's world of globalization, hyper-connectivity and extreme competition, *leadership* (the missing "L" in BPM) must extend not just across the enterprise, but across the entire value chain, across the entire business ecosystem, across dynamic business networks, across the entire globe! Did you know that the world used to be *one* supercontinent: Pangea?

Because of amazing advances in technology, in the current economy there's one shared world, one shared computer (the Cloud) and one shared information base. Just as the earth's tectonic plates shifted to give us seven continents, now, thanks to another tectonic shift, there's once again Pangea, a digital supercontinent, the *Digital* Pangea, fused together with bits. Starting with the mighty transistor in the 1950s (thanks, Bell Labs), the world has witnessed a great shift in human activities and endeavors from *atoms to bits*. Once farmers, then factory workers, 80+% of people in developed economies have become information workers in a Service Economy—and the knowledge base they work with is digital and global. It's a Digital Pangea where everything is made everywhere and everyone has access to everyone and to information and knowledge everywhere.

To move forward, companies must fully understand what's happening in this larger world outside of business, what's happening in our hyper-connected society as a result of dramatic advances brought about by globalization and the Internet, as well as recent implications of the Great Recession. In 2012 there was an abundance of global crises: water, food, energy, healthcare, education, governance and freedom. The Great Recession isn't a business cycle, it marks the beginning of something very new, something very frightening—the Great Collapse, as we'll discuss later.

The global, consumption-driven economy now requires 1 ½ planets to sustain. And that's with a mere 7 billion people on the planet (2,000 years ago there were estimated to be between 170 - 400 million people on Earth). [i] How many earths will it take to satisfy consumption when there are 9+ billion humans in 2050? In 1972, the seminal book *Limits to Growth* by the Club of Rome claimed that exponential growth would eventually lead to economic and environmental collapse in the 21st century. The group used computer models that assessed the interaction of rising populations, pollution, industrial production, resource depletion and food production, all of which today resonate strongly with the overshoot and collapse displayed in the book's "business-as-usual scenarios." Does all this have implications for business today? You bet. Business as usual is over.

We must now ask, "What is the purpose of a company?" In the Industrial Age, it was about mass production and mass consumption, with capitalism at its center and profits as its goal. Capitalism for *profit* must now morph into capitalism for *value* if we are to address the current abundance of crises. That's why we are witnessing major trends toward Corporate Social Responsibility, Management Innovation (e.g. the Management Innovation eXchange, www.managementexchange.com) and sustainability. Economies can no longer be sustained with the central tenet of growth in consumption, consumption, consumption. These are the issues of our day.

Yesterday's winning formulas for business are being rewritten and the emerging global, digital economy has yet to be defined or named. But disruption and creative destruction forces are already being unleashed in every industry. What would you do if you were an oil company or electric utility executive and M.I.T's Artificial Leaf eliminated the need for hydrocarbons and electrical grids to power our homes, factories and automobiles?
The epithet for companies in this new era? *Innovate or Die!*

Pangea

With the Cloud enabling the Digital Pangea and thus rewriting the rules of business, business leaders are grappling with how to gain compelling insights and implement strategies to "execute on innovation" with the advent of hyper-connectivity and the revolutionary cloud computing business platform. Business innovation no longer will be built around applications or infrastructures or R&D labs. Rather, they will be built around an ecosystem of services and business processes, enabling powerful new ways for companies to rapidly create new business operating models to collaborate with customers, suppliers and trading partners. Business innovation isn't created in internal R&D labs, it's driven by pressing problems in the marketplace, in the society. Business leaders must understand the possibilities of innovation and how the Cloud will accelerate not only "on-demand IT" but more importantly "on-demand innovation" that can solve society's problems. That's the basic difference between *invention* and *innovation*.

In today's emerging global Innovation Economy, business prosperity depends on how well companies can successfully enable innovation within their organizations. Execution is *everything* when it comes to business innovation. And that's precisely where "BPM in the Cloud" comes in. Smart companies are developing strategic frameworks to "execute on innovation" by harnessing revolutionary cloud-computing business platforms with BPM, including Social BPM at their heart. This represents a clarion call, an impassioned plea to reinvent innovation as we know it—to rethink the fundamental assumptions we have about business innovation and how we must innovate innovation itself.

Companies will require deep knowledge in the subject of business innovation, including an innovation architecture and an actionable innovation agenda. Companies must arm themselves with management approaches and tools needed to flow with the future, and gain that elusive thing called *agility*—because executing on innovation isn't a one-time affair, it's a systematic business process that's built for change.

The vertically integrated company is history. Companies don't work alone, and on average over 20 companies make up today's value chains, sometimes hundreds, forming dynamic business ecosystems and networks. This is especially important to recognize as no one company "owns" the overall value chain. In *Management Challenges of the 21st Century,* the late Peter Drucker elaborates, "The legal entity, the company, is a reality for shareholders, for creditors, for employees and for tax collectors. But economically, it is fiction. What matters in the marketplace is the economic reality, the costs of the entire process, regardless of who owns what. Again and again in business history, an unknown company has come from nowhere and in a few short years has overtaken the established leaders without apparently even breathing hard. The explanation

always given is superior strategy, superior technology, superior marketing or lean manufacturing, but in every single case, the newcomer also enjoys a tremendous cost advantage, usually about 30 percent. The reason is always the same: the new company knows and manages the costs of the entire economic [value] chain rather than its costs alone."

The challenge ahead is to take the huge leap from Enterprise BPM to Value Chain BPM that certainly includes suppliers, but has customers center-stage as the critical process participants. Cloud computing provides the technological enabler for that leap. Cloud computing allows a company to collaborate in new ways with its trading partners, and process collaboration across the value-chain ecosystem is the key to sustaining competitive advantage. As explained in *Business Innovation in the Cloud,* by establishing shared workspaces powered by a shared BPMS in "Community Clouds" employees from multiple companies can work together as a "virtual enterprise network" and function as though they were a single company totally driven by customers. They all participate in the same value delivery system, sharing computing, communication, information and BPM resources. No, this is not about some 800-pound gorilla dominating the value chain, using its might to squeeze suppliers. It's about Open Leadership, Collective Leadership and Collaborative Key Performance Indicators (KPIs) that foster trust (for real data sharing) and incentivizes all participants in the value-delivery ecosystem in the Cloud.

By taking the BPMS as the technological enabler into the Cloud, companies and their suppliers and customers can build and manage dynamic Business Operations Platforms (BOPs) or Business Networks, Business Operating Systems if you will. As with Enterprise BPM, success with Value Chain BPM won't magically happen because of technology-enablement in the Cloud; it will be the "M" in BPM that counts. *Leadership* is all in the new world of extreme, total global competition, and the cornerstone of business innovation is management innovation.

Let's turn to Dutch futurist, Adjiedj Bakas, author of *Beyond the Crisis: The Future of Capitalism.* Bakas writes, "The Chinese phrase for crisis consists of two words: *danger* and *opportunity*. The current economic crisis marks the end of an era, and the start of a new one. During the current crisis we finally say goodbye to the 20th century and transit into the new, post-industrial economy with new economic pillars and the mixture with digital collaboration powered by 'cloud computing,' the next generation Internet. This transition period offers tremendous opportunities, for out of the current crises, a new economy will emerge."

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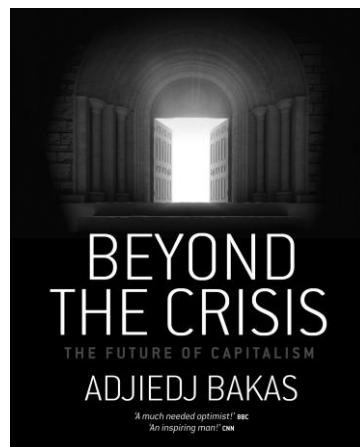
Let No Collapse Go to Waste
A Study of History is the 12-volume magnum opus of British historian Arnold J. Toynbee, finished in 1961, in which the author traces the development and decay of all of the major world civilizations in the historical record. Toynbee applies his model to each of these civilizations, detailing the stages through which they all pass: genesis, growth, time of troubles, universal state,

and disintegration. Here's Toynbee's basic thesis, taken from Wikipedia, "He argues that the breakdown of civilizations is not caused by loss of control over the environment, over the human environment, or attacks from outside. Rather, it comes from the deterioration of the "Creative Minority," which eventually ceases to be creative and degenerates into merely a "Dominant Minority" (who forces the majority to obey without meriting obedience). He argues that creative minorities deteriorate due to a worship of their "former self," by which they become prideful, and fail to adequately address the next challenge they face." Can we substitute the word "business" for the word "civilization" here? Reread the quote and decide for yourself.

In his 2005 book, *Collapse: How Societies Choose to Fail or Succeed,* Jared M. Diamond, professor of geography and physiology at University of California agrees with Toynbee, that "civilizations die from suicide, not by murder" when they fail to meet the challenges of their times. Diamond identifies five factors that contribute to collapse: climate change, hostile neighbors, loss of essential trading partners, environmental problems, and failure to adapt to environmental issues.
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So how do we get out of this apparent mess? Is there anything we can do to avoid collapse? Is there any reason for hope in these turbulent times? In their book *Abundance: The Future Is Better Than You Think,* Peter H. Diamandis, the CEO of the X-Prize Foundation, and science writer Steven Kotler argue that new technologies and other forces will make the coming years better, not worse, as we so often worry. Their main point is that when seen through the lens of technology, few resources are truly scarce; they're mainly inaccessible. Yet the threat of scarcity still dominates our world view.

tinyurl.com/867vo4z

Diamandis and Kotler explore how four emerging forces—exponential technologies, the DIY innovator, the Technophilanthropist, and the Rising Billion—are conspiring to solve our biggest problems: water, food, energy, healthcare, education and freedom. They document how progress in artificial intelligence, robotics, infinite computing (the Cloud), ubiquitous broadband networks, digital manufacturing, nanomaterials, synthetic biology, and many other exponentially growing technologies will enable us to make greater gains in the next two decades than we have in the previous two hundred years. We will soon have the ability to meet and exceed the basic needs of every man, woman, and child on the planet. Abundance for all is *potentially* within our grasp.

Taking on the work of *cloudy* business transformation is scary stuff to say the least, for we have no prior frame of reference. So, take the advice of David Allen, author of *Getting Things Done*, "Our productivity is directly proportional to our ability to relax. Only when our minds are clear and our thoughts are organized can we achieve effective productivity and unleash our creative potential." So, "relax" and get on with doing the audacious work of business innovation in the Cloud. Your business, your family and the whole world—they are all counting on you!

But wait, there's more than just relaxing to organize our thoughts. Now that the U.S. Supreme Court has declared that corporations are people, and we know that people make up civilizations, companies should pay close attention to Toynbee and Diamond for it's our very civilizations that are now experiencing collapse. The daily news is full of shocking stories on all the fronts discussed by Toynbee and Diamond.

"Corporations are People"—SCOTUS

Let no collapse go to waste. Yes, innovate or die. But innovate what? Well, as John Seely Brown tells us in his coauthored *Fast Company* article titled "People are the Company" way back in 1995 before the Supreme Court ruling, "Processes don't do work, people do." [ii]   "Organizations are webs of participation. Change the patterns of participation, and you change the organization. At the core of the 21st century company is the question of participation. At the heart of participation is the mind and spirit of the knowledge worker. Put simply, you cannot compel enthusiasm and commitment from knowledge workers. Only workers who choose to opt in—who voluntarily make a commitment to their colleagues—can create a winning company. When a company acknowledges the power of community, and adopts elegantly minimal processes that allow communities to emerge, it is taking a giant step toward the 21st century." That requires *integrity* in everyone in an organization. The corollary to Management Innovation is People Innovation.

Remember the "Arab Spring," the Middle East uprisings that began in Tunisia that used Social Media to share ideas and tactics to topple authoritarian rulers? We are now witnessing a "Management Spring" brought about by a new world of *transparency*, because our top-down command-and-control types of management no longer apply. The digital age of transparency has imposed changes on businesses that make the Samurai teachings of self-discipline a valuable resource. *Samurai Business: The Way of the Warrior for Professionals in the Digital Century,* by Joris Merks, Research Manager at Google in Europe, is a just-released book about success based on *integrity* (adherence to moral and ethical principles; soundness of moral character; the state of being whole, entire, or undiminished), with lessons from the Samurai for professionals in the *digital century*. It provides a gentle but powerful way of facing office politics, fierce competition and unexpected change, while staying rooted in who you are.

http://goo.gl/iRDWo

Companies relying on power, control or low ethical standards, are losing ground. More than ever, success comes from a purpose beyond earning money. Success must be based on *integrity*. But how can we cherish integrity while facing fierce competition, company/office politics and unpredictable, exponential change?

People often relate business and war to each other, citing the ancient book of Sun Tzu, *The Art of War.* Unfortunately the concept of war is often emphasized, rather than the art. There is a good reason why Sun Tzu did not choose "The Thrill of War" as his title or just "How to Destroy Your Enemies." *The Art of War* relates to the wisdom of ancient Samurai warriors. The path of the Samurai is a quest for self-development that extends beyond fighting. The Samurai became successful in battle through true skill and the ability to withstand the desire for power and victory.

Samurai Business inspires professionals to face politics without feeding them. Merks' teachings help to focus on self-development to the benefit of your environment, while being rewarded for your efforts. Integrity is not naivety, and kindness does not equal weakness.

It is time to put the art back in the business and the self-discipline of the Samurai back in the professional. Merks highlights thirteen Samurai principles for success based on integrity:
  - Dedicate yourself to a purpose beyond power, control or earning money.
  - Develop yourself to the benefit of the world around you.
  - If you encounter a problem: change it, accept it or leave it.
  - Stay connected to yourself and the environment under any kind of pressure.
  - Take a close view of distant things and a distant view of close things.
  - Balance careful planning with creative and flexible execution.
  - Don't fight inevitable developments.
  - Be respectful, yet clear and sharp.
  - Reflect without judging.
  - Look fear in the eyes while doing what you think is right and necessary.
  - Inspire people and celebrate successes with gratitude, not arrogance.
  - Be helpful and generous, yet choose the people around you wisely.
  - Take care of yourself and those around you.

These principles sound like much of what's needed for John Seely Brown's prescriptions for organizations to become voluntary webs of participation where workers choose to opt in and voluntarily make a commitment to their colleagues.

Now, About that Apocalypse 2012: The Beginning of the End?
"Both the Hopis and Mayans recognize that we are approaching the end of a World Age. In both cases, however, the Hopi and Mayan elders do not prophesy that everything will come to an end. Rather, this is a time of transition from one World Age into another. The message they give concerns our making a choice of how we enter the future ahead. Our moving through with either resistance or acceptance will determine whether the transition will happen with cataclysmic changes or gradual peace and tranquility. The same theme can be found reflected in the prophecies of many other Native American visionaries from Black Elk to Sun Bear." Joseph Robert Jochmans

"An Apocalypse (of Greek origin meaning "lifting of the veil" or "revelation") is a disclosure of something hidden from the majority of mankind in an era dominated by falsehood and misconception."—Wikipedia

The cloud computing veil is being lifted in 2012.

Welcome to the Apocalypse Economy, powered by the integrity of the warrior and enabled by BPM technologies in the Cloud.

Welcome to the end of the beginning of a new age.

It's time to move beyond *Enterprise* process management and onto *Civilization* process management centered on value and sustainability, not just profits.

The future is in *your* hands.
It's time to Opt In!

May the *Samurai force* be with you.

Carpe diem!

References

[i] http://www.ecology.com/population-estimates-year-2050/

[ii] http://www.fastcompany.com/26238/people-are-company