

## The Third Wave

July 2004



**Howard Smith**  
Chief Technology Officer  
(Europe) of  
Computer Sciences  
Corporation (CSC)

**Peter Fingar**  
Executive Partner  
The Greystone Group

co-authors  
*Business Process  
Management: The Third Wave  
and  
IT Doesn't Matter --  
Business Processes Do.*

[authors@bpm3.com](mailto:authors@bpm3.com)

[www.bptrends.com](http://www.bptrends.com)

Much of the work on *process maturity* takes inspiration from the Software Engineering Institute's Capability Maturity Model (SEI CMM.)<sup>1</sup>. A good example is the framework developed by Paul Harmon to support short-range consulting assignments that aim to create a snapshot or informal audit of an organization's processes.<sup>2</sup> As Harmon points out, "the basic concept underlying maturity is that mature organizations do things systematically while immature organizations achieve their outcomes as a result of the heroic efforts of individuals using approaches that they create more or less spontaneously."

CMM was developed for software engineering disciplines before the advent of BPM systems. Frameworks based on CMM concepts can incorrectly conflate *the maturity of business processes* with *the maturity with which organizations apply business process management*. They can also imply a modus operandi for process thinking which is not right for all firms or for all processes. BPM systems and methods must be separated out from the business processes they help manage when endeavoring to develop BPM maturity models. While companies can correctly strive to optimize their BPM systems and methods associated with using these systems (the process of process work), two straightforward questions are useful:

1. Is there anything beyond Level 5 Optimizing?
2. What *business results* can be expected if a company optimizes non-value-adding processes?

The answer to the first question is a *paradigm shift*, an *innovation* that changes the rules. As software engineer John Brewer explains, "The way to up your CMM level is to keep doing very similar, low-risk somethings, while you focus on improving your process. Meanwhile, a paradigm shift in the world may mean that what your company really needs is a brand new something that you've never even attempted before. For instance, you're a CMM level 3 shop that does client-server database work. Management dictates that you go for level 4, and ties your compensation to your successfully being certified at level 4. Now, the rest of the world is moving to web-based applications, which you have no expertise in. Your company needs to get into this new area, but it's almost certainly going to screw up your process until you get acquainted with it. Do you risk your level 4 bonus, or do you do what your company needs?"<sup>3</sup> Brewer's comments bear directly on the second question. Optimizing non-value-delivering business processes is an act of paving cow paths and the corrosion of business results.

### Spinning on three cycles

BPM systems and methods help organizations deliver optimized business performance by providing the environment, in which they develop, operate, and continuously improve technology-enabled, end-to-end business processes. The objective is to accelerate the realization of *strategy innovations* by using BPM to drive down key process management time and resource metrics, such as Process

<sup>1</sup> <http://www.sei.cmu.edu/cmm/>

<sup>2</sup> <http://www.bptrends.com/>

<sup>3</sup><http://c2.com/cgi/wiki?CapabilityMaturityModel>



**The Third Wave**

by  
**Howard Smith**  
and  
**Peter Fingar**

July 2004

Design To Production Time, Process Discovery To Available Reuse, and Process Extent and Alignment Effectiveness. With these business goals in mind:

- Organizations must establish, and continuously improve, a system for the lifecycle management of business processes. We call this *capability innovation*. Its aim is the translation of business strategy to needed BPM capabilities that can be delivered back to the business, enabling them to readily create, deploy, and manage executable business processes. Example output: Customer Process Management.

- Using the established process management system, organizations must establish and continuously improve the design of business processes able to achieve defined business objectives. We call this *process innovation*. Its aim is the discovery, invention, and formalization of winning process design. Example output: Customer Process.

- Using winning process designs, the organization establishes and continuously improves the business operations. We call this *operational innovation*. Its aim is the transformation of systems and practices, putting new processes into operation, leading to business results. Unlike reengineering, the approach delivers deep change in all process participants, systems, and practices simultaneously. Example output: Customer Process Improvement.

If a company's goal is to improve *business results*, its process methods must associate each cycle with a distinct maturity model, the related process models to execute the cycles, metrics to assess the effectiveness of transitions within the cycles, and a process mapping approach. The "as is" and "to be" process maps for *each cycle* allow organizations to define a program of BPM activities that stays focused on achieving business innovation, not just optimizing from a CMM-perspective. In other words, avoid Brewer's trap of misplaced optimization. Continue to improve your BPM capabilities, but don't intermix this goal with optimizing non-value-adding business processes.

Being systematic, rigorous, predictable, and controlled—terms used to categorize higher levels of typical CMM-inspired process maturity models—is not necessarily a desirable goal for achieving business innovation itself. True business innovations are rarely perfect when unleashed in the marketplace, yet they disrupt markets in the innovator's favor. Companies known for setting the pace of innovation in their industries value a culture that encourages creativity and diversity, rather than locking-down on just improving what they already do. They encourage their employees to strive for innovation even in uncertain conditions where some mistakes are to be expected. They seek to empower front-line workers, rather than control and pre-define all employee actions. Thus, a mix of process rigor *and* process empowerment is needed in organizations that recognize innovation as the ultimate key to competitive advantage. Such ideas are typically absent from CMM-inspired maturity stacks, for their aims are to pin processes down.

In a CMM-inspired maturity stack, Level 1 is usually defined around the idea that the process is ill defined. Level 2 starts to talk about the need for repeatable



The Third Wave

by  
Howard Smith  
and  
Peter Fingar

July 2004

processes. Using CMM concepts, auditors value maturity based on an organization's ability to define processes, standardize processes, and document processes. Detailed measures are added in an attempt to perfect the process and keep it linked to business objectives. At the highest level, concepts are drawn from the TQM movement of the 1980s and, more recently, Six Sigma.

Much of this CMM-inspired business process work stems from thinking about software engineering processes, similar to Six Sigma's roots in manufacturing processes. How relevant is this to many of today's creative and professional services-based processes in government and commerce? Both CMM and Six Sigma bring great value to the business process table, but the trap is that some firms will pursue operational excellence that inevitably drives more conformity. But shouldn't we balance the notion of an industrial machine-age process with the idea of innovating with process as a way of business life? Sure, we must be *doing things right*, but we must not confuse that with *doing the right things*—innovating, for business innovation is the ultimate antidote for commoditization in business. In lieu of growth markets, doing the right thing means operational transformation, not optimizing existing operations. The universal connectivity of the Internet and BPM systems that can harness that connectivity make it possible for companies to seek out operational innovations never before possible. Such operational transformation simply won't happen just by perfecting what a company already does. Figure 1 postulates an orthogonal maturity model.

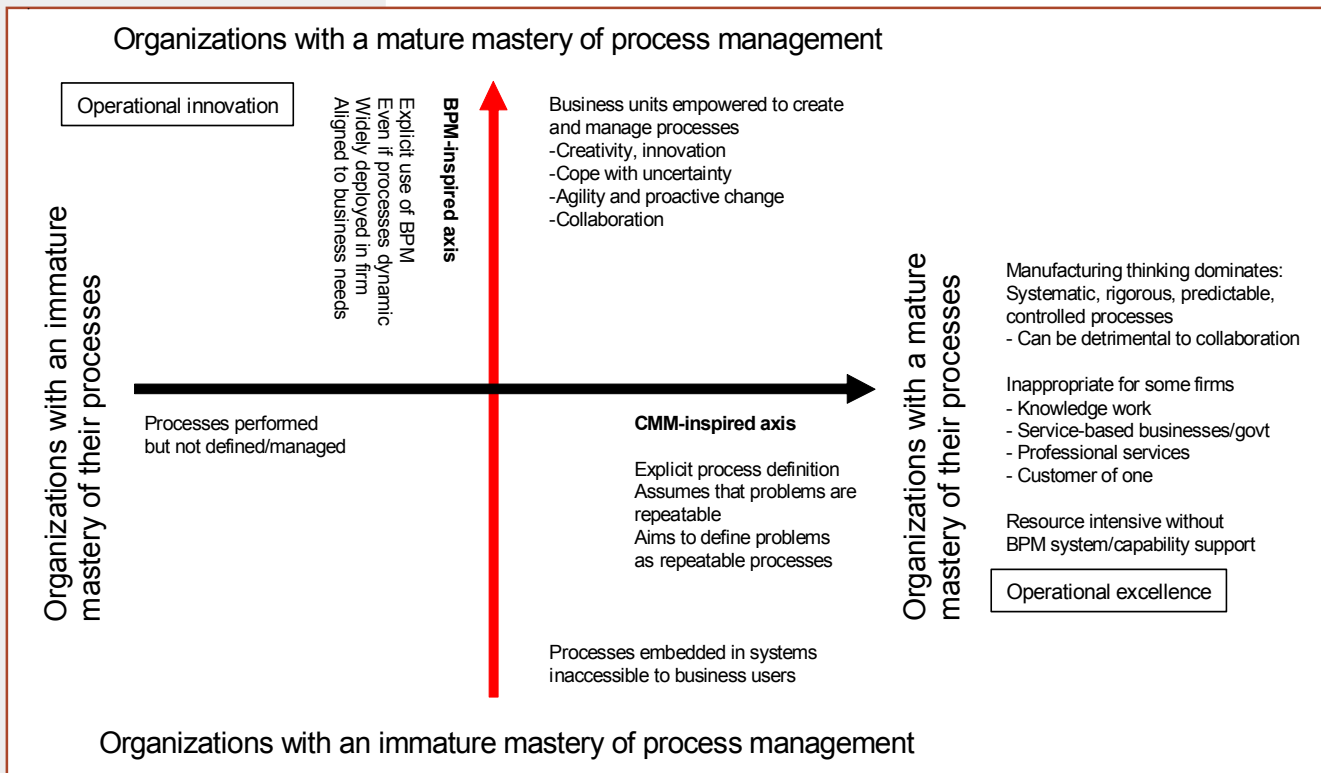


Figure 1. BPM maturity is orthogonal to process maturity.

The Third Wave

by  
Howard Smith  
and  
Peter Fingar

July 2004

Process management, not just process, it should be the focus of a capability development program

Very little is stated in CMM-inspired frameworks about the capability a business needs in order to do process management, that is, the required services for process discovery, design, deployment, execution, user inclusion, system inclusion, operation, optimization, and analysis. The defined levels of maturity are, in effect, conflating the maturity of specific business processes with the maturity of the activity of process management.

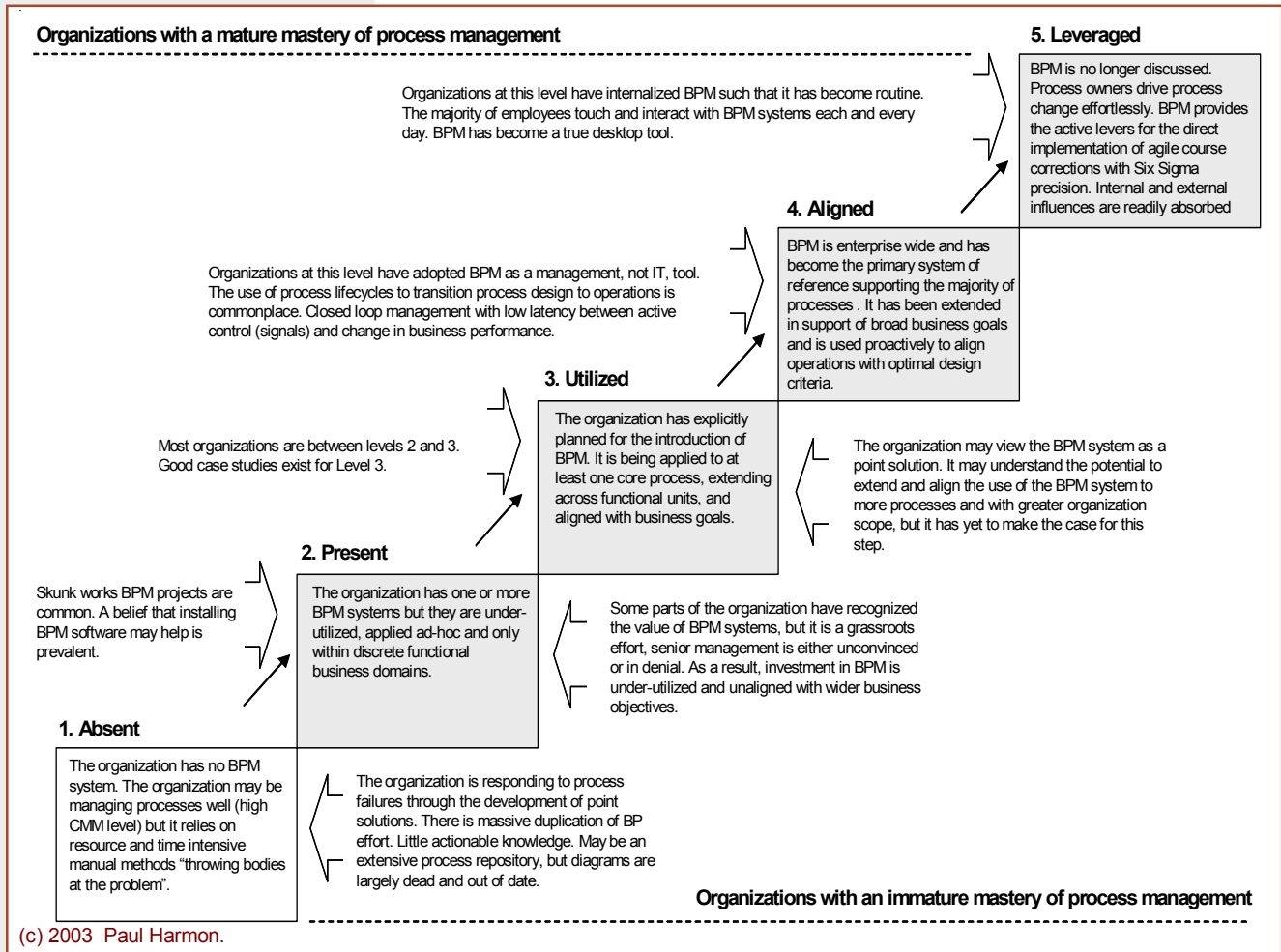


Figure 2 . Informal sketch of a maturity model for BPM

CMM-inspired frameworks are, in effect, stuck in the “2nd wave” of BPM. They speak mainly about the transition from not having a process to having a process, or about having an old process and replacing it with an improved process. In the third wave<sup>4</sup> of BPM, the objective is not the replacement of “as is” processes with “to be” processes; rather, it is the replacement of an “as is” *process management capability* with a “to be” process management capability. In the



**The Third Wave**

by  
**Howard Smith**  
and  
**Peter Fingar**

July 2004

third wave of BPM it is the process management system that firms seek to gain maturity in and to standardize on, not the processes per se, building process management into the fabric of their organizations. The objective is to free the business processes to be *managed* (discovered, designed, deployed, operated) by those with the greatest to gain, or lose. Taking this third wave BPM perspective, the term *maturity* takes on an entirely different meaning. It implies the pervasive use of actionable, or *executable*, process knowledge throughout the firm.

For those not just those doing work, but those processing work, the new BPM systems are their *Work Processors*,<sup>TM</sup> tools that amplify their ability to meet business objectives and innovate. Because CMM was aimed at software processes, BPM systems should indeed be the object of a firm's CMM model, but should not be automatically intermixed with the business processes they help manage. Although the first principles of CMM are immensely helpful, business innovation requires stepping out of the CMM box. The notion of going beyond Level 5 (optimizing) to a mythical Level 6 is that of a paradigm shift, that of innovation, brought about by the introduction of third wave BPM systems and methods. Think Level 5 for your BPM capability; think Level 6 for business innovation and new sources of desperately needed competitive advantage.

<sup>4</sup> <http://www.bpm3.com/>

