



Extreme Competition

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BPM is Dead, Viva La BPM

On August 28, 1922, WEAF in New York (later WNBC) becomes the first “toll” radio station when it broadcasts a commercial message during the 5:00 p.m. program. “What have you done with my child?” cries Lee De Forest, the “father of radio.” “You have sent him out on the street... to collect money from all and sundry... [and] made of him... a stench in the nostrils of the gods of the ionosphere.”

Echoing De Forest, almost a decade after he penned the seminal white paper, “*The Process Managed Enterprise: Case for a Business Process Management System*,”ⁱ Ismael Ghalimi, cofounder of the Business Process Management Initiative certainly might be asking, “What have you done with my child?” (To this day, the paper is a really good read for those who want to know the genesis of the contemporary BPMS and the benefits of becoming a process-managed enterprise in the wired world of business).

It’s been a fascinating journey full of twists and turns since 2002 and the release of the book, *Business Process Management: The Third Wave*, with its vision of BPM as a powerful new business asset. Here’s a brief recap of that vision:

BPM enables a pervasive, resilient, and predictable means for *the processing of processes*, a permanent business change laboratory, enabling ongoing innovation, transformation and agility. Such “process processing” should not be confused with automation. Digital process models may have little to do with computers but a lot to do with business. While automation can be readily achieved with a raft of existing technologies, BPM has a wider meaning. Not only does it encompass the discovery, design, and deployment of business processes, but also the executive, administrative, and supervisory control over them to ensure that they remain compliant with business objectives for the delight of customers. Processes are the main intellectual property and competitive differentiator manifest in all business activity, and companies must treat them with a great degree of skill and care.

For this to happen, processes must be explicit. In short, “data processing” must give way to “process processing.” Companies must obliterate the business-IT divide, transforming legacy into an asset rather than a liability. If this analysis seems extreme, consider the fact that every modern management theory ever devised – reengineering, process innovation, total quality management, Six Sigma, activity-based costing, value-chain analysis, cycle-time reduction, supply chain management, excellence, customer-driven strategy, and management by objectives – has stressed the significance of the business process and its management. In light of this constant demand, it seems surprising that the IT industry has up to now delivered only “business applications.” Forget bridging the divide. Don’t perfect IT with another layer of complexity, another silver bullet. We’ve been there and it doesn’t work. Instead, place the emphasis where it belongs: Give ownership of business process management back to business people.”

It probably won't surprise you to learn that BPM has traversed the proverbial hype curve, but with some unusual twists. By several measures, BPM, as set forth in the vision of *The Third Wave*, has hit, not the stage of disillusionment, but a cone of silence. Consider these talking points:

■ **BPM conferences are lacking attendance.**

It seems conference attendance is way down. Why is that? Perhaps it's due to a downturned economy? Perhaps due to BPM pureplays having gone through their initial marketing budgets and dropping sponsorship? And, the IT/BPM vendors, the big fish, swallow little fish, further reducing the sponsorships. After a recent conference in Chicago, a keynote speaker reported that he was underwhelmed, "mostly unempowered techies given a reward to go downtown." After another conference, an attendee reported, "Same old message, same 'ole speakers, new powerpoints." Frits Bussemaker of the BPM Forum stated that "Most conferences present a series of monologues, not the needed dialogs and collaborations." Ouch, is BPM dead?

■ **Business process management has become IT process management.**

Wasn't BPM supposed to be about empowering business people to take control of their processes? It seems, in actuality, that BPM suites are being used by IT people to develop IT applications. Has BPM been reduced to just another agile applications development method? Wasn't the original point that BPM would provide full process lifecycle management – to business people? While *The Third Wave* described a new way to automate business processes, it's not only that. It is also a new mode of control over the process, comprising eight broad process capabilities: discovery, design, deployment, execution, interaction, control, optimization, and analysis (forever in a loop of improvement and re-design). The hallmark of the BPMS, therefore, is the combination of automation and design in one package. Why would anyone want it otherwise? As it turns out, instead of BPM being about process improvement and process innovation, so far many BPM initiatives have been about application development and application integration. Ouch, is BPM dead?

■ **The BPM pureplays are in the shadows of IT platform vendors.**

In "Sizing Up the BPM Leaders," industry analyst, Bruce Sliver, wrote, "When asked to name leaders in BPM software, more than 1,600 readers elevated only three names above the crowd: all three were major IT platform vendors that describe BPM as one possible flavor of agile application development based on their new service-oriented middleware stacks. That's disheartening to "pureplay" BPM suite vendors, whose offerings not only provide more of the industry analysts' must-have functionality but also more closely adhere to their view of BPM's purpose: business performance optimization through modeling, human task automation and business activity monitoring (BAM). Somewhere between the analysts' picture of BPM and users' perceptions of technology leadership, there's a major disconnect."¹¹ Ouch, is BPM dead?

■ **The SOA push has obfuscated BPM.**

With SOA developers as the primary target of the IT platform vendors, BPM is positioned as a niche, buried in an IT stack, when "orchestration" is needed. Surely, that's a small letter "bpm," and a useful tool for service-oriented applications development, but not the BPM that can transform companies and position them to compete in the brave new world of total global competition. With the focus of IT vendors' marketing campaigns on SOA, SOA is all the rage in the IT press, muffling the BPM as the three-letter acronym of the day. Ouch, is BPM dead?

■ **Turfdoms are alive and well.**

Deep-seated cultural issues rise to the surface when anyone or anything crosses boundaries in an organization. Long-time management coach and BPM expert Andrew Spanyi wrote at length about the cultural barriers to becoming a process-managed enterprise in both his books, *BPM is a Team Sport*, and *More for Less*. But more than words in books, Spanyi observes these very same issues in the trenches during his consulting engagements. Perhaps these issues can be compared to those uncovered in applying management techniques such as Lean that were developed in Asian cultures and were difficult to transplant to Western cultures. At heart are

social philosophies of *collectivism*, where group goals take priority over individual goals, versus *individualism* where the exercise of one's goals opposes any external interference. It's all about what *kind* of company a firm wants to be and the kind of culture needed for that kind of company. Command and control leadership gives way to connect and collaborate in a process-managed enterprise where every member of a business team is a "leader." In a process-managed enterprise, leaders don't give commands, they transmit information, trusting the team members' competencies and gaining accountability through transparency. True leadership is about cooperation, not control. It's about acting on opportunities, and letting others lead the leader when they know best about getting stuff done. It's clear that transforming a company to a process-managed enterprise is first and foremost about cultural issues, and this has no doubt been an obstacle to BPM adoption in many organizations. Grown people are set in their ways, hard to change, and don't want to give up their status (just carry on with the same old, same old ... until the end). Bussemaker adds, "BPM makes an organization very transparent so, you cannot hide your mistakes anymore." Ouch, is BPM dead?

■ **BPM implementations have largely been tactical, not strategic.**

Although there's been great progress in the theory of BPM, deployments have so far been mostly tactical and limited in scope, applying to improvements in specific business functions and departments. Tactical BPM only offers a way of improving what a company already does (paving cow paths). BPM's full potential offers a *strategic capability* for achieving breakout competitive advantage through process innovation as well as incremental process improvements – a company needs many small wins and an occasional home run to win at the game of extreme competition. The scope and complexity increases exponentially as companies progress from tactical point-solution BPM to enterprise BPM where cross-functional processes are taken on, and on to value-chain BPM where totally new cross-company processes emerge and must be managed. To meet these needs, raw BPM capability isn't enough – that's the blank screen syndrome. Opening a screen on a newly installed BPM suite should reveal industry specific templates and frameworks such as the Value Chain Group's reference model that can help companies reach across the entire value delivery system. Frankly, even the early adopters of BPM aren't there yet and will need to continue to climb the BPM maturity ladder. But the effort must be made, for today competition is about setting the pace of innovation in an industry – across the entire value chain. It's about forming new multi-company alliances (sometimes even with competitors) to innovate new value delivery systems that span a firm's suppliers' suppliers and its customers' customers. This is the stuff of strategic deployments of BPM, and it's something no company can do alone. If companies cannot grow beyond back-office tactical BPM, then BPM will be relegated to being just another application development and integration tool. Ouch, is BPM dead?

■ **Process modeling is still done on the walls of caves.**

Have companies really evolved beyond the pictograms of our ancestors? Of course, everybody in the BPM kingdom knows about BPMN and its virtues. But what's the number one process pictogram tool of choice to this day? BPMN, ARIS, or UML? None of the above. It's Visio. Right now it's Visio over the wall to IT. If we are going to connect the caves to build new business ecosystems for the 21st century, we've got to scratch our collective heads and think of pictograms all can understand – and use. Business people don't take naturally to detailed transaction-oriented process modeling, and are too busy to become fully trained on complex modeling tools, even if they have the aptitude. Because process discovery and modeling are the cornerstones for understanding what a company really does and the foundation for understanding both automated and human business processes, unless related tools and techniques are greatly simplified and made business-people friendly, a company isn't even going to get off the BPM starting block. Ouch, is BPM dead?

This list of talking points could no doubt go on, but enough said already. So, there you have it. BPM is dead, at least as envisioned by the pioneers who saw a future where the business people regained control of their business processes that were locked away in complex, hard-coded enterprise systems that required tedious rewiring for even the slightest process change.

Oh well, BPM was, at least, a really good idea.

But Wait!

Actually, the downturn in BPM conference attendance could indeed be a good sign. As one practitioner and regular conference attendee reported, “We are now staying home doing the work, and spending most of our education and training budget on specific training. We ‘got it,’ and now are doing it.” In the current downturn, companies are indeed tightening conference budgets, but they are also desperately seeking performance improvements and adjustments to the current economic realities. The ability to handle process change isn’t always in response to new growth opportunities; it’s needed to revise business operations during downturns as well. In a world where getting work done depends on computers, companies want to know how they can rise to the challenges they face, right now. And that’s precisely where BPM capabilities fit in, in good times and bad, in the “fierce urgency of now.” Companies are now going beyond conference messages of “what and why BPM” and seeking “how to actually do BPM.” So while conference attendance may be down, the demand for hands-on, how-to trainers such as John Jeston, BPTrends Associates, Bruce Silver, Derek Miers, and the service organizations of BPM vendors is growing.

Okay, BPM has become a technical sale from IT vendors to IT staffs, and SOA is all the buzz. But wait. SOA is not a concrete thing; it’s *architecture*, it’s a set of principles and design guidelines. And, yes, such architecture can be extremely helpful in harnessing the potential of BPM across companies and across value chains, but BPM, as both a management approach and a technology, is orthogonal to SOA. SOA doesn’t replace BPM; it’s an enabler that can give BPM reach. BPM suites would best be built from the ground up based on SOA – Call this approach SOA BPM if you like. SOA is the next big thing in the evolution of software engineering disciplines, but don’t confuse SOA as the next big thing superseding BPM. SOA doesn’t need BPM, and BPM doesn’t need SOA. But, together they are a winning combination to bring sorely needed process management capabilities to the entire value chain.

We will, no doubt, have to wait years for the cultural shift toward a fully process-managed enterprise. Or will we? Let’s turn to the closing of Andrew Spanyi’s *BPM is a Team Sport*, “Those who fail to transform the traditional functional mindset and embrace business process thinking will find themselves teetering on the brink. Indeed, BPM is a highly competitive team sport, and in the playoffs for industry championships, it’s win or be eliminated.” The days of the monolithic, vertically integrated company, owning everything from raw materials to production to selling, are over. 21st-century corporations will thrive in a business world where the traditional linear supply chain gives way to dynamic, customer-driven value *webs* (call it the extended enterprise if you like). Pain is indeed a great motivator and globalization is the greatest reorganization of the world since the Industrial Revolution, bringing great pain to those who hold on to yesteryear’s business models in today’s wired world. Industries will be disrupted either by new entrants or by incumbents that move from command and control to connect and collaborate leadership for process innovation that spans entire value chains. To wit, consider what Amazon did to the retail book industry and what Dell did to the PC industry. Thus, the cultural shift to a processed-managed enterprise as a management practice may come a lot sooner than some may think, and at the expense of inflexible business leaders and their companies.

But wait, what exactly does “management practice” actually mean? Let’s turn to John Jeston’s forthcoming book, *What CEOs Need to Understand About BPM*:

“The first step in discussing BPM is to ensure we have a common understanding and agreement that BPM is a management philosophy. Yes, it is also about completing business process improvement projects to make your processes more efficient and effective (thirty to fifty percent is normal). Yes, it is about then continuing to measure and performance manage the processes into the future. But it is much more than just this. Just

making your business processes more efficient and effective does not mean your organization will be managed better, as process performance advantages will dissipate over time. More is required.

BPM is a management 'tool' or philosophy that will enable an organization to significantly improve its performance. It will enable managers to become high performance managers, and if you have enough high performance managers, you are well on the way to being a high performance organization.

In looking at our business processes, we need to go beyond the normal process thinking. Business processes are not just about the 'transactional' processes we traditionally think about. Transactional processes are those that process your cash receipts; insurance premiums; bank withdrawals; order fulfillment. But, business processes also include: organizational strategy creation and review; budget processes; management decision making; capital allocation; and internal communications. These are the processes that govern the work that gets done by the transactional processes.

Organizations need to continually review, improve or eliminate these management processes as much or more than the 'traditional' customer-serving processes. Management processes often need more attention because most have not been reviewed for a long time and as observed by renowned management professor, Gary Hamel, 'they shape management values by reinforcing certain behaviors and not others.'ⁱⁱⁱ

Current flavors of workflow and integration style BPM technology have a long way to go before we'll see the implementation of the holistic BPMS envisioned in *The Third Wave*. Along the way, BPM Suites, currently composed of federations of workflow, EAI and rules technologies will likely evolve into the comprehensive technology of the BPMS that embeds the computer science of mathematically underpinned *mobile processes*, where computation and communication fuse as one. Here's more from *The Third Wave*:

"The essence of the BPM innovation is that we now understand data, procedure, workflow, and distributed communication not as apples, oranges, and cherries, but as one new business 'information type' (what technologists call an 'abstract data type') – the business process. The recognition of this new fundamental building block is profound, for each element in a complete business process (the inputs, the outputs, the participants, the activities, and the calculations) can now be expressed in a form where every facet and feature can be understood in the context of its use, its purpose, and its role in decision making. This problem-solving paradigm can therefore provide a single basis not only to express any process, but as the basis for a wide variety of process management systems and process-aware tools and services."

Like simulation, to date there has been no screaming demand for the underlying sophistication of mobile processes whose components communicate and change their structure in flight. But, as companies climb the BPM maturity ladder and begin to reach across the value chain with human interaction management and knowledge-centered processes, watch for the rebirth of *The Third Wave* BPMS and the growing use of mobile process underpinnings in service-oriented computing. CSC's Howard Smith made the point, "We had to wait years for the development of mature technologies that can directly model, manage, and execute business processes – for the realization of a unified, holistic business process-centric approach. Mature full-featured data management (RDBMS) products took twenty years to mature. Why should BPMS be any different?"^{iv}

For the moment, BPM vendors will likely continue to focus their sales efforts at IT departments. But that's not all bad, for companies' some IT professionals such as Information Architects transcend silos and departmental boundaries to have the broadest perspective of a company from a systems theory point of view. I've written before that as the business world moves beyond the tinkering phase with tactical BPM point solutions and on to multi-enterprise process management for true process and value-chain innovation, complexity will explode. Thus BPM, the next generation, will require the complexity buster of *The Third Wave* BPMS, incorporating process-

oriented architecture and methods, human interaction management, complex event processing, and agent technology. No, this isn't some mad computer scientist's dream; it's what's required by the messy and complex real world of business. All this will take true IT leadership, but not the kind of technical IT leadership of the past.

Contemplating any company's push for operational innovation, the implications for IT professionals are profound. Companies don't want more IT; they want business results. If companies are to embrace Operational Transformation, they will need a far greater contribution from IT than ever before, but that contribution will be of a substantially different nature. For Operational Transformation to come about, a system-wide view of the company is needed, and some IT professionals have such a view, far more than the marketing, legal, financial, and other specialists in the firm. Building the process-managed, real-time enterprise will demand innovation and rigorous systems thinking from a new generation of IT professionals, stressing some to their limits as the process paradigm shift takes hold. It's not your father's IT shop any more, and business process management skills now outweigh yesterday's technical skills. The forward thinking CIO will no doubt evolve to become the CPO, Chief Process Officer, for it's agile business processes that companies want to manage, not technology infrastructures. IT leadership will evolve to become business leadership, for business is indeed a complex system requiring a mastery of general systems thinking that can be used to manage business processes built *not* to last, but *built to compete, built for setting the pace of innovation*. So, instead of the simple notion that BPM technology should be "sold" to business units, targeting IT units in a company will likely be the way that BPM seeds are planted in the larger business organization, via the business-savvy CIO or CPO as emissary. Some of today's CIOs, especially those who climbed the ranks in business units, are indeed as business savvy as they are technology savvy. They understand business processes embedded in information systems across the entire organization. Technical IT staff that choose not to become deeply involved in process management, and morph into process analysts instead of IT analysts, will likely be delegated to maintaining the technology much as the building maintenance staff attends to the air conditioning systems. Meanwhile, the CIO/CPO will likely toil away in the executive suite where life and death business decisions must be made and business strategies formulated and executed. It's no doubt time to have business drive IT change instead of IT determining the pace of business change – and new process management roles and responsibilities will drive the transformation.

The ability to anticipate and deal with growing complexity is essential in the brave new world of global competition, and process modeling and analysis tools also need to be to better accommodate business people so they can more fully participate in all stages of process lifecycle management. Generation Z, now moving into their careers in business, will accept nothing less than Web 2.0 simplicity – in their personal interactions – and in their process modeling and management tools. Repeating that which I've written before, the shift to Web 2.0 has come about largely by the *simplicity of use* – Call it Consumer IT, if you will. You don't need to write even one line of code to participate in Facebook, YouTube, MySpace, Second Life, Wikis, blogs, or Google Apps. This then leads to the question, "Why is Consumer IT so *simple* and Enterprise IT so *complex*?" Answering this question unfolds many challenges and opportunities for the worlds of IT and BPM. More and more, business people will turn to organic Web 2.0 document and task-centric workflow tools that embody the simplicity of Consumer IT. Such tools are typically purchased or used for free by individuals or work groups completely outside the purview of their IT department. Such tools are generally browser based (think SaaS), and don't require in-house IT resources. This megatrend will no doubt shape the form and function of today's complex process modeling and process change tools. Web 2.0 accommodates complexity without requiring end users to understand the underlying technology to put it to use. But keep in mind that simple to use doesn't mean simple systems; quite the contrary. Under the covers, Web 2.0 technology is highly complex --yes, easy to use, but difficult to leverage effectively. Don't be surprised to know that forward-looking BPM vendors are hard at work simplifying their tools to open them to a new breed of ambidextrous business power users – There aren't enough programmers in the world to do otherwise. Advanced business rules capabilities and SOA governance will keep mayhem from breaking out as more and more business power users take

the helm of business process change. Veteran business architect, Gene Weng, netted it out with a quote from Leonardo da Vinci, “Simplicity is the ultimate sophistication.”

No doubt the original *Third Wave* vision of BPM will be “born again.” Call it BPM 2.0 or BPM 15.0, SOA-BPM, or Mobile Process Management. Or, from a business perspective call it Business Operations Management (BOM 2.0 anyone?), because it’s no longer *what* you do, it’s *how* you do what you do, *how* you operate your business, that counts – and that’s about *operational innovation*, and that, in turn, is about *business process innovation*. Call it what you like, the growing complexity of the global economy, where no company is an island, will demand *business process management capabilities* powered by a *business operations platform* that has *Third Wave* BPM technology at its heart.

BPM is dead – Baloney! Okay, maybe it’s currently a little comatose. But, quite frankly, businesses don’t give a hoot about any three-letter acronym, including BPM, save one: ROI. And ROI is all about managing change to rise to the challenge of an increasingly complex world of ***Extreme Competition***,^v which, in turn, is about adroit process management.

Viva la BPM!

ⁱ http://itredux.com/files/papers/The_Process-Managed_Enterprise.pdf

ⁱⁱ <http://www.intelligententerprise.com/showArticle.jhtml?articleID=175002394>

ⁱⁱⁱ Hamel, G., *The Future of Management*, Harvard Business Press, 2008, p. 21

^{iv} <http://www.bptrends.com/publicationfiles/ONE%2002-08-ART-BPMS-2008-LookBack2LookForward-Smith-doc%20V03.pdf>

^v www.mkpress.com/extreme