

# Advanced Decisioning for Process Excellence

## James Taylor

Advanced decisioning makes processes simpler, more agile, and smarter. Advanced decisioning allows for the effective application of business rules and advanced analytics. Making decisions explicit and managing them in concert with processes ensures an effective separation of concerns and a more streamlined design.

### The power of advanced decisioning

Specifically, combining process management and advanced decisioning will

- Decrease process complexity and increase straight through processing
- Increase agility and business user engagement
- Create opportunities to apply “smarts”

#### Decrease process complexity

Dynamic processes can be overly complex with multiple paths and complex routing. Extracting the decision and putting it first creates a dynamic process – one driven by the specific customer, case or transaction – without increasing process complexity.

*A European agency took this approach and found it had one simple, decision-intensive process, not the 30 processes it had expected.*

Explicit decision handling also increases the rate of straight through processing (STP) and reduces the number of processes that wait while items are put on work lists or in queues. This marriage of explicit decisions and process management keeps transactions moving, with only exceptions ending up on work lists. Staff can then focus on higher value activities.

*An insurance company used advanced decisioning to handle the majority of underwriting decisions, freeing underwriters to work with agents to grow the business, and reduced their combined ratio, a critical cost measure, by 8 points.*

#### Increase agility and engagement

Business users like process management software because it allows them to change their workflow easily. Advanced Decisioning takes this flexibility to the next step, because business changes often involve changes to business decisions – to pricing, eligibility, or risk assessment decisions, for example. Adding advanced decisioning allows business users to control processes and the critical decisions within them.

*A high tech manufacturer used business rules to put its engineers in charge of decisioning in its diagnostic system, and got a six-fold improvement in time to market.*

#### Opportunities to Apply Smarts

Applying analytics is a major focus for many organizations. The power of analytics lies in making better decisions. Advanced decisioning allows analytics to be applied to data about process execution and data about customer behavior. Advanced decisioning puts these analytics to work embedding more precise, more profitable decisions in your business processes.

*A warehouse club used advanced analytics to personalize its cross-sell offers, making them precisely targeted by analyzing historical sales data, and achieved a 2000% increase in offer acceptance.*

### 3 Steps to Advanced Decisioning

#### Identify your decisions

Find, name, and manage the decisions that matter to your business – the decisions that drive business results and matter to customers. You are looking for the decisions that will make a real difference by increasing profit, decreasing cost, or better managing risk. For a BPM initiative, try these specific places to find decisions:

- Points in the process where you make a decision without realizing it, where you treat every transaction, every customer the same, and where doing so leaves money on the table.
- Points in the process where transaction or customer information is used to change data or drive routing: price this order, cross-sell this customer.
- Processes with gateways leading to gateways to choose between alternative paths or activities.
- Related sets of processes that share a key business decision. In the example above, permit approval was common to 30 candidate processes. Separating out the decision may let you standardize on a single process.

#### Adopt decisioning technology

Match key decisions in your processes to the appropriate technology through decision services. If your BPMS has strong decisioning capabilities, apply that capability to define and manage decision services. If not, you can add decisioning capability without ripping apart current processes and systems by making decision services available to your process designers. Building decision services takes business rules, analytics, and adaptive control.

- Business rules – The best way to manage the logic in decisions is to use a business rules management system or BRMS. Don't use the flow or process rules that some BPMS vendors offer because these won't scale to handle decisions. Use a real business rules component or a separate BRMS designed to support decisioning.
- Data mining and predictive analytics – Use these technologies for the decisions that would improve with analytic insight derived from data. Integration of these models into your decisions will be important so look for support for standards like PMML and for automated deployment capabilities.
- Adaptive control – Use these technologies to experiment, simulate, and apply impact analysis. Use software to simulate the impact of a decisioning change and to analyze the results of experiments.

#### Think about Decisions and Processes

Successful initiatives need both decisions and processes to be managed.

- Manage process and decisions equally. Include them both in your methodology and project plans
- Share the understanding of decisioning – Make sure the whole team understands about decisions.
- Manage their lifecycles independently – The update timeframes for each decision and each process are different. Know how often they change, why, and at whose authority. Separation of these lifecycles increases agility and reduces the cost of change.

Apply these straightforward steps – Identify decisions in your processes, adopt decisioning technology to construct decision services, and treat decisions and processes as peers, and you will develop simpler, smarter, more agile processes

**Author**

James Taylor is the CEO and Principal Consultant of Decision Management Solutions and a leading expert on the business and technology of advanced decisioning. Providing consulting and advice on business rules, business process, business intelligence and predictive analytics, Decision Management Solutions helps companies improve business results with advanced decisioning. James' blog can be found at <http://jtonedm.com>, and you can learn more about Decision Management Solutions at <http://decisionmanagementsolutions.com/learnmore>.