BPM—Quo Vadis?

Stijn Viaene, Joachim Van den Bergh, Friederike Schröder-Pander and Willem Mertens

Introduction

During the last century, many enterprises took shape as collections of specialized departments and business units. Industrialization coupled with technological progress came with lots of specialization. The more prominent the specialization focus became, however, the larger the gaps between specialization silos became and the louder the cry for business process integration. That is why the management discipline dubbed Business Process Management (BPM) received ever more attention. In these last six years, we have seen many of our research member organizations try to put it to work in a business context that is becoming increasingly complex. Some of the main reasons for this growing complexity are the electronic interconnectivity of business actors, globalization, turbulent markets, the increasing sophistication of products and services, and the growing expectations of customers. Therefore, the challenge facing BPM is to present itself as a discipline enabling enterprises to master this complexity with flexible and efficient business processes.

Many businesses are looking for a new vision and new ways of achieving it as a strategy for survival in tough times. We believe BPM can help deliver this. But it will require BPM to evolve from a mere methodology – i.e., a steplike, structured approach to improving business processes, often synonymous with making them more efficient – into a holistic management discipline that takes an integrated approach to the organization and its business as a whole.

BPM must aim at more than process efficiencies. Certainly, many enterprises are likely to benefit from streamlining and automating their business processes, but BPM can help them achieve so much more. Unfortunately, some still consider BPM as impeding and even hostile to innovation. Our experience has proven otherwise. We have seen companies successfully position BPM as a core ingredient of their organizational capacity to innovate. Linking process management to information analysis is one of the ways to accomplish this. Increasingly, companies are discovering the potential of working with information to enhance and innovate business processes. BPM need not stifle creativity, even if we have witnessed certain cases where it did. Synthesizing these experiences and describing under which conditions creativity and innovation might thrive continue to be a key goal of our research.

The spirit of BPM has been around for a while. End-to-end thinking, taking explicit ownership of business processes, focusing on the customer, and organizing for results, form the backbone of a vision for management popularized by gurus such as Michael Hammer and Thomas Davenport towards the end of the last century. These thinkers have inspired multitudes of management students in every sector. But talking the talk is always easier than walking the walk. Gradually, however, our member companies are turning increasingly towards best practice. Learning by doing, they are constructing the road needed to deliver the goods promised by BPM. We want to continue to support them, listen to their experiences, offer a sounding board, coin lessons learned, and share them with an ever widening business audience.

Adopting a process orientation means putting a vision into practice by making and committing to deliberate choices for organizing and executing work. In this document we outline some of the most prominent issues and challenges faced by companies that have made the choice for BPM. The structure and contents of this paper are the result of a debate between all the participants in our research network, following six years of researching the state and the evolution of the
practice of BPM. The position taken in this document is meant to focus future “research for practice” on addressing what we think will be essential BPM challenges in the years to come.

**BPM: A Story of Convergence**

The term “Business Process Management” started to get significant traction in the business community some ten years ago. It was used by enlightened process practitioners and management gurus to signal a necessary break with the past. That past was characterized by a number of management disciplines that worked largely in isolation but still shared a common goal. Mathias Weske1 describes BPM as follows: “Business process management includes concepts, methods, and techniques to support the design, administration, configuration, enactment, and analysis of business processes.”

The groundbreaking work of W. Edwards Deming in Japan in the early 1950s, which already then stressed the importance of process awareness and value flow mapping, left a sizable footprint on modern day management. Among its most notable offspring are Total Quality Management (TQM), Six Sigma, Lean, and Business Process Reengineering (BPR). Though every one of these management movements evolved largely as a separate discipline – zooming in on the problem from different perspectives – they all share the same ambition: better enterprise management2.

BPM combines the best elements of all these worlds, emphasizing their common ground rather than their differences. It borrows from the individual disciplines so as to provide “a tool for every problem,” based on the whole range of perspectives and aspects of enterprise management. This, for one, means that approaches rooted in the tradition of continuous improvement (e.g., TQM) and those rooted in more radical improvement ideologies (e.g., BPR) are no longer at odds. They make for alternative scenarios evaluated on a project-by-project basis. Moreover, a larger-scale business improvement program is likely to present a choice of improvement scenarios that can be blended. Being process-oriented first and foremost means making every choice mindfully.

The notion of “enterprise” deserves attention. What has proven most productive in the context of BPM is conceiving of the enterprise as a complex ecosystem for organizing work that features a large number of engaging components, and whose aggregate behavior is the result of selective strategic and structural pressures and self-organization. The notion “holistic”3 is often associated with BPM to emphasize the attention paid to the different perspectives and aspects of studying and improving the enterprise as an ecosystem. Moreover, given the increased turbulence in the environment, this ecosystem needs to be constantly monitoring that environment so that it can react rapidly to opportunities and threats. For BPM professionals, the enterprise’s business processes – end-to-end – are the primary entry point as well as the final point of reference for mastering this ecosystem’s complexity. In the BPM world, business processes are not just

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2 S. Viana and J. Willems, “Corporate Performance Management: Beyond Dashboards and Scorecards,” *Journal of Performance Management* (2007, 20 (1) pp 13-32). The authors associated “better enterprise management” with the following management features: (1) the use of metrics to guide decision making; (2) the use of a balanced set of metrics, i.e., reflecting the extensive span of business objectives; (3) the right-time delivery of actionable management information; (4) horizontally integrated management, i.e., cutting across functional and other organizational silos; (5) vertically integrated management, i.e., linking strategy formulation to the operational execution; and (6) closed-loop management, i.e., emphasizing continuous improvement and double-loop learning.
executed. They are studied, evaluated, and purposefully improved, in conjunction with an organizational structure and culture, to enable desirable system behavior.

We have seen many of our research member organizations and their BPM support organizations gradually try to embrace the enterprise as a whole and to link together the entire range of support processes, including organizational development, Information Technology (IT) management, performance management, and resource planning. The initial focus on modeling business processes – though proven useful for many organizations as an introduction to the world of BPM – in most of our member organizations has made way for a more complex but richer and more rewarding view of BPM, reflecting convergence and systems thinking. BPM support organizations have moved on to emphasize their coordinating and facilitating role.

Still, these are relatively recent phenomena. Best practice is still rather rare. Moreover, BPM advocates continue to report how hard it is to instill a process mindset into an enterprise and make it adopt a pragmatic and sustainable approach to BPM. If we succeed in making our future BPM Network meetings into the lively exchanges of experiences and lessons learned that they have proven to be for the past six years, we will be all set to see some great new insights emerge.

**Strategic Positioning of BPM**

We clearly associate BPM with an enterprise-wide aspiration. BPM is, however, but a means to an end. That end can be varied. For that reason, the individual enterprise's instantiation of BPM will need to be designed to match that end. For example, the answer to the question of what it takes for this or that organization to become process-oriented is very likely to be different from the stance of each of the different strategic value disciplines, i.e., operational excellence, customer intimacy, and product leadership. However, BPM can and should serve to leverage any strategy coined to create a corporate identity.

Operational excellence and BPM are often mentioned in one and the same breath. Indeed, companies such as Ryanair, ING Direct, and AB-InBev are primary examples of how a relentless focus on efficiency, streamlined and standardized operations, cutting out waste and reducing variability, can be a source of competitive advantage and a strong enabler of fast growth. Lean and Six Sigma practices almost naturally come to mind in the context of scientific, analytical process management. They make the link between operational excellence and BPM most tangible. Arguably, the benefits of using these methods are primarily situated in the area of operational excellence.

The benefits of BPM extend, however, beyond the realm of operational excellence into the areas of customer intimacy and product leadership.

Product and service offerings can be turned into great customer experiences through carefully managed business processes. The trick is to scrutinize every customer interaction, every "moment of truth," in an end-to-end value chain in view of creating that unforgettable customer experience. Transparency of and explicit attention to business processes is a pre-condition, however, to know exactly what to act on, when to act, and how to do it. Customer loyalty and sustainable profit margin generation will be the result of an organization's capability to make its business processes follow individual or aggregate customer profiles and lifecycles. Product service and process management automatically need to be intimately connected. We have witnessed more than for-profit organizations take this stance. Among our research partners we have had healthcare providers looking to improve patient care, and government administrations aspiring to become more citizen-centric.

BPM equally can be instantiated to support product leadership strategies. Companies operating in dynamic markets focusing on product development, innovation, design, time-to-market, and top quality might find a great ally in BPM. For example, we have evidence of high-tech engineering.
and pharmaceutical companies using BPM approaches to master the complexity and total quality of innovation funnels, and to streamline handovers between R&D, engineering, and frontline operations. A recent Flanders District of Creativity report provides evidence of the crucial importance of well-designed operational and managerial processes to the successful execution of product leader strategies.

Again, becoming process-oriented is not a strategy in itself. For BPM to support an enterprise, it needs to be fine-tuned to the strategic choices of that enterprise as well as incorporate the latter’s fundamental strategic trade-offs. In the absence of strategic choices, it is doubtful that the high expectations cast onto BPM at the outset will ever materialize.

**Customer: The “Outside-in” View**

Having the customer in mind when designing and executing work processes is paramount for organizations to reap the benefits of BPM. This, however, requires taking on an outside-in perspective on the organization’s business processes. This may sound obvious but is quite often forgotten in practice. Time after time we have observed organizations practicing BPM getting so deeply involved in studying the mechanics of individual work activities that they forget to ask that single most important question: Why would a customer – internal or external to the organisation – be willing to pay (extra) for this? In other words, your benchmark for establishing the added value of change and evolution always ought to be, in the first place, customer value and customer need.

Fortunately, more and more organizations have become aware of the need to infuse their BPM approaches with a customer focus. They are devising ways to systematically capture “the voice of the customer” in the context of improving their business processes. This can be achieved in multiple ways, for example, by using customer observation, focus groups, interviews, and surveys. Analysing data produced in the context of executing customer-facing processes, often enriched with externally acquired data sources, has also proven of great added value to some organizations. One could easily argue that working with customer data has increasingly become a qualifier for companies to compete and remain synchronized with the ever more mobile and powerful customer. Products and services are turned into “solutions” and service firms are positioning themselves as “partners.”

So, why not go one step further and make the customer part of your value network? Why not look at your customer as a co-creator of your business and its processes? We see it happening more and more, with companies embracing the age of social software and the “web 2.0” to organize, for example, customer-based feedback cycles and experience-sharing, and customer-based product or service design. The way corporations such as Lego, Ketnet, and Connections are trying to make this work could serve as an example to many. Bekaeart is another one. The company is set to reap the benefits of collective creativity and open innovation by using web 2.0 technology for the design and governance of their innovation processes.

End-to-end thinking promotes a focus on the customer. True end-to-end thinkers understand that every step of a process, even the most distant one hidden in the back office, might make or break the relationship with the customer. Of special note are, of course, those subprocesses in the end-to-end business process where the organization consciously makes strategic trade-offs that differentiate its customer value proposition from that of the competition. Taking this perspective on BPM seriously almost automatically requires organizations to gather competitive intelligence alongside customer intelligence. If not to acquire a view on competitive advantage, it will surely

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serve to establish the nature of the work that could be called a competitive necessity in an industry and thus may serve as a benchmark for any process that is proclaimed best practice or operationally excellent.

It is not surprising that the biggest obstacle to creating true customer-centricity in action remains the silo organization. Indeed, a lot of organizations today are still built around products and geography, rather than end-to-end customer responsibility. Business processes end up being broken into pieces and optimized locally rather than globally.

A Value-oriented Lens for IT

The benefits of any IT investment will only materialize if workers and managers actually change the way they do things. Having studied IT investments for quite some years, we would consider this a fairly safe and uncontroversial statement. It does have an interesting implication, though: Value creation with IT is best studied in the context of an enterprise's organization of work, that is, its business processes. In other words, business processes provide a value-oriented lens for establishing the value of IT investments.

It takes little imagination to see how operationally dependent our contemporary enterprises have become on IT for the execution of their business processes. From the 1960s and 1970s onwards we have seen IT in organizations evolve from a mere tool for the execution of expert activities into an integral part of the very fabric of the organization's execution of work. Indeed, throughout organizations, piles of paperwork and less efficient human labor have been replaced with automated processes. An observation from our research is that this drive for cost reduction and increased throughput continues to be a primary reason why enterprises continue to spend money on IT.

Automation has still another important advantage for BPM: the information produced in the context of the automated business processes allows for monitoring the performance of the executed processes. Combining this process performance monitoring capability with advanced capabilities for information warehousing and information analysis may give rise to a powerful enterprise performance management system, capable of supporting the operation, growth, and transformation of the enterprise.

It is safe to say that enterprises have become much more complex since the beginning of the industrial age. We have moved into the age of the “network organization” where, instead of enterprises being conceived of as monolithic entities or vertically integrated value chains, they are now considered essentially open and carefully orchestrated value networks of autonomous, outsourced business components. These components embody subprocesses of the network organization's overall business process. These notions of the “networked enterprise” and of the “orchestration of business components” in value networks are born of an explosion in connectivity brought about by IT. By working out open standards for how information is exchanged between business components, enterprises hope to be able to create a type of flexible enterprise that is able to respond fast to change by having more easily reconfigurable business processes.

The model-driven disassembly of business processes and the development of structured and systematic ways to reconnect their components in different ways to form new executable business model constellations constitute the essence of an architectural BPM capability. Architecting has proven an invaluable tool for mastering dependencies and risks. The notion of “enterprise architecture” is often associated with BPM. The enterprise part stresses the

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importance of architecting processes from an end-to-end perspective and of being able to easily connect the logical models and designs of business processes to their actual (IT) implementation. The latter is of particular importance for tracking and tracing change and safeguarding change consistency.

Ideally, all of the above capabilities eventually come together in the form of a Business Process Management System (BPMS). A BPMS constitutes a software environment that allows business and IT to jointly work on architecting a portfolio of enterprise business processes, and to monitor and analyze the performance of their execution in view of improving and innovating the way of doing business.

It goes without saying that, with reference to both the promise of technology for BPM as well as an organization’s operational dependency on it, no enterprise approach to BPM can exist without embodying an alignment between business and IT people. For one, six years of research have shown that it generally pays off to involve IT people early in business process improvement initiatives.

**Process Governance**

Today’s workers operate in multidimensional matrix organizations. Gone are the days of top-down management by a select few. Also, employees now are required to wear more than just a functional or departmental hat. To manage the enterprise as a whole, dimensions such as geography, product, customer, etc., also need to be taken into consideration.

From a BPM perspective, specifying a framework of decision-making structures, roles, and processes that is conducive to multidimensional organizational change and interaction across boundaries is a key factor for success. Who defines the organization’s view on its business processes? Which roles are to be involved when decisions are made about business processes? Which concerns take priority in situations of choice or conflict? How does the decision-making process proceed? What room do we have for exceptions? Who has the final say (or control over the budget)? These are all important governance questions that need to be addressed in matrix organizations. The answer to these rules-of-engagement type of questions will be a function of a specific organization’s strategic choices as well as of its organizational culture.

The tear you have in multidimensional matrix organizations and the need for alignment are probably most tangible when being involved in business process improvement projects. Therefore, integrating BPM rationale, guidelines, and best practice into the management of process projects makes perfect sense. One of the crucial assignments here is to make process and project management methodologies complement each other. Following the same logic, project and process management support structures ought to be linked in order to support process projects.

One thing we discovered in our research is that few organizations are looking for yet another support office. What they really need is a careful examination of how their existing support structures such as the quality management office, the business project management office, the enterprise program management office, the office of strategy management and the business process management office can be most effectively configured to enable them to achieve the shared goal of improving enterprise management.

As a matter of fact, we have seen the notion of BPM and, almost paradoxically, the BPM office, sold to executive sponsors as a way of avoiding a further proliferation of support offices tied to individual methodologies and mitigating the lack of co-ordination and integration between the existing support structures/offices. Make no mistake, however; rearranging support configurations can be as tedious as reorganizing business processes. Around the corner lurk turf wars, personal agendas, and a lot of office politics. Still, the combination of the above argument with the ability to clearly establish an organization’s particular need for end-to-end thinking, focusing on the customer, and organizing for results is typically what it takes to launch a BPM journey with top management support.
Whatever the initial business case for BPM and its organizational support structure, in the end the value of a BPM investment can only be established if it can be proven that there has been organization-wide progress in making and implementing operational, tactical, and strategic decisions that are, in fact, process-oriented. Developing a BPM capability in a company is akin to keeping a plane in the air while constantly rebuilding its engines in a turbulent atmosphere. Ideally, its development should start on day one and proceed in a structured and systematic way. Where there is very little prior BPM experience in an organization, or a top management buy-in is not solid, it makes sense to complete a pilot project before going full steam ahead. A pilot project can serve to overcome initial scepticism about BPM in the organization13.

Assessing an organization’s BPM maturity14 and identifying which core processes are most in need of reconfiguring should enable the organization to get off to a good start. Care should be taken to develop a roadmap with specific steps that will lead to the BPM maturation of that specific enterprise. Legacy and “as is” do matter, in general. With each step, progress should be made that is synchronized along different capability dimensions and based on a holistic view of the enterprise. Leading capabilities may represent an overinvestment; lagging capabilities may debilitate the system. These considerations will help establish the appropriate investment in the process support organization at the outset, as well as along the way.

Towards a culture that fosters process

Proceeding on the path to BPM maturity requires more than a roadmap, or a cookbook of best-practice recipes, for managing change. It takes more than training people to use a toolkit of methodologies and techniques. BPM aspires to change people's behavior throughout the organization. While delegating responsibility for BPM to a business process support office makes little sense, using such an office to catalyze an organization’s ambition to embed the capability for systematically improving business processes into its very structure and culture has proved to be a very viable strategy: It bestows responsibility for making BPM work on every worker and manager in the organization.

The following story about “The Three Bricklayers” is a popular tale amongst BPM evangelists15:

Once there were three bricklayers busily working at their trade. When asked what they were doing, the first man answered gruffly, "I'm laying bricks," without ever taking his eyes from his work. The second man replied, "I'm putting up a wall." But the third man said enthusiastically and with obvious pride, "I'm building a cathedral!"

Obviously, the third bricklayer serves as the exemplary one. What speaks for him are his ability to see the common objective, rather than just his task at hand, and his positive attitude towards what he is doing. Organizations will need the same focus and energy to make BPM work.

Part of the deal with BPM is stimulating employees across the organization to care about the bigger picture, collaborate across departments to realize the common goals, and constantly consider how their work or changes to it might impact and be impacted by the work of others. Creating an organization that is capable of improving itself is not just a function of strategy and structure, but also requires a culture capable of embracing system change16.

Securing strong executive sponsorship is paramount for executing a BPM vision. However, our research has shown that top-down approaches for integrating BPM into organizations are most

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15 Anonymous.
successful when combined with incentive mechanisms and different forms of “viral influencing” to encourage and spread desirable behavior across the organization. Examples include increasing the distribution of process information and knowledge, promoting BPM experience-sharing, emphasizing the process aspects in the applied project and improvement methodologies, offering incentives to potential viral influencers, enabling BPM communities of practice, integrating BPM roles into the line organization, having the members of the business process office coach and facilitate by walking around, ostensibly and regularly celebrating BPM successes, and having actual beneficiaries of process improvement testify to BPM’s worth.

Creating a process-oriented organization does not happen overnight. Organizations and their people need to learn how to do this. What the experience at our member organizations suggests is that this learning ideally starts with formulating a decent initial plan or roadmap, and then progresses through learning-by-doing. Successful organizations design a dynamic plan and then build capabilities that allow this plan to be executed dynamically. Nurturing a climate that encourages employees to exchange experiences across boundaries and learn-by-doing is paramount. Research has shown that failure of an organization to truly involve its employees in BPM, failure to empower them to think about and make business process decisions themselves, and failure to organize for end-to-end teamwork are true inhibitors to BPM success. This is a valuable insight for BPM governance and the design of BPM methodologies: These should be designed to promote, enable, and support a learning organization. And, of course, this principle also applies to the organization’s recruitment, competence, and talent management.

What next?

In 2004 we started on a journey of exploring the fascinating world of BPM with the goal of conducting useful and pioneering BPM research. At the time, we had numerous questions and relatively few answers that could be put into practice. Now, six years later, we are happy to be able to claim that we have produced many valuable insights and best practices as a result of our intense collaboration with our dedicated group of BPM Network member organizations. The journey, however, is not finished. It is time to raise the bar and reach for the next level of maturity in BPM. The discussion in this document is intended to stimulate old and new BPM Network members to sign up for the next phase of collaboration. We all know that there is plenty of room for improvement, not to mention the new challenges posed by a turbulent and rapidly changing business environment. By continuing our efforts to share, study, and synthesize actual BPM practice, we will be able to add a next chapter to our BPM “book of knowledge” and help all pioneering BPM practitioners to achieve success.

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About the BPM Network

The Vlerick Business Process Management Network has been established by Vlerick Leuven Gent Management School and brings together members of the business community that have experience with Business Process Management (BPM). The BPM Research Centre has been created to offer high-level and up-to-date information on BPM (methodologies, benchmark results, best practices, lessons learned, used tools, etc.), and to develop, detect, validate, and distribute new management concepts and theories in the field of BPM in the Belgian and European context.

Former and current members of the BPM Network include Antwerpse Waterwerken, Belgacom, Brussels Airport, Delhaize, De Post, Dexia, Eandis, Jessaziekenhuis, Openbaar Psychiatrisch Zorgcentrum Geel, Pioneer, Sara Lee, and Stad Gent.

More information is available on www.vlerick.com/bpm.

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